

Quarterly Activities Report for the period ending 31 March 2021

Summary

OPERATIONS

- Savannah Nickel Operation restart receives Board approval in early April following a detailed assessment.
- Revised technical and financial studies highlight robust economics over Savannah's 12-year mine life including:
 - Estimated pre-tax cash flow of A\$610 million and a Net Present Value (NPV₈) of A\$353 million
 - Average All-in Costs (AIC)¹ of A\$6.36/lb payable nickel, net of copper and cobalt by-product credits and royalty payments
 - Average annual production target² of 9,072t nickel, 4,683t copper and 676t cobalt in concentrate
- Contractor strategy implemented for mining and processing activities to further de-risk operations.
- Four-year underground mining contract awarded to leading underground miner Barminto with site mobilisation commencing July 2021:
 - Utilisation of new underground mining equipment, including teleremote technology, combined with working knowledge of Savannah operations is expected to deliver improved safety and productivity
 - Underground mining and development at Savannah North scheduled to recommence in August 2021
- Specialist mineral processing and engineering firm Primero signs non-binding letter of intent for operation and maintenance of the Savannah processing plant for the next three years:
 - Structure of contract strongly incentivises outperformance of production budgets
 - A number of potential improvements to processing already identified
- Upgrade and maintenance work on surface and underground infrastructure commenced during the quarter, with expected completion in June 2021.
- Ore processing scheduled to begin in November with first concentrate shipment targeted for December 2021.

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- Agreements signed securing project finance and offtake concentrate sales with global commodities trading house Trafigura, comprising:
 - Five-year nickel and copper concentrate offtake sales agreement to commence in February 2023 following the completion of existing offtake arrangements with Jinchuan.
 - Loan facility agreement for up to US\$45 million comprising a five-year US\$30M loan prepayment facility and a US\$15M revolving credit facility repayable in 18 months.
- Group Cash – \$26.4 million available at quarter end to support current project development activities.

1. All-in costs (AIC) are inclusive of all site and transport operating costs, capital costs, royalties, and net of by-product credits, but exclusive of corporate, funding and exploration costs. Calculated using Base Case pricing of (US\$16,055/t Ni, US\$8,750/t Cu, US\$50,692/t Co) and AUD:USD rate of 0.76

2. Refer to the announcement "Restart of Savannah Nickel Operation" dated 6 April 2021. All material assumptions underpinning the production targets, which are referred to in the original announcement, continue to apply and have not materially changed

Nickel – Savannah Project

Approval of Operational Restart

During the quarter, the Board of Panoramic approved the restart of the Company's Savannah Nickel Operation following temporary cessation of mining and processing in April 2020. As announced, the decision followed a rigorous 12-month assessment process designed to reduce operating and financial risk. Full details of the financial outcomes can be found in the Company's ASX announcement of 6 April 2021.

Revised Operating Strategy

Following the suspension of operations at Savannah in April 2020, multiple work programs have been completed to advance the site to a more de-risked position for future operations. This has included:

- Completion of the FAR#3 ventilation raise to allow full-scale operations at Savannah North
- Additional underground development to open up four new mining levels at Savannah North
- Updating the process schedule based on additional metallurgical testwork
- Evaluating owner-operate and contractor-operated mining and processing models
- Additional ancillary surface and underground capital works (ongoing until June 2021)

These activities have optimised the future operating pathway for the Savannah Project from the July 2020 Life of Mine Plan by bringing forward underground ore development from Savannah North and creating a large surface ore stockpile to reduce processing risk during commissioning and ramp up.

Underground mining is planned to commence in August 2021 with ore initially sourced from both the Savannah and the Savannah North deposits. By October 2021, more than 50% of underground ore is scheduled to be consistently sourced from Savannah North, rising to more than 60% by mid-2022 and continuing to increase as the Savannah remnants are depleted.

Ore processing is planned to restart in November 2021, allowing ore stockpiles to build for three months to approximately 100,000t. This serves to de-risk ore supply during commissioning and ramp up. First concentrate shipment from the Wyndham Port is targeted for December 2021.

Underground Mining LOI

During the quarter a binding Letter of Intent was signed with leading underground mining contractor Barmenco, a subsidiary of the Perenti Group (ASX:PRN), for a four-year underground mining contract. Mobilisation to site is scheduled for July 2021. The contract will be serviced by new underground mining equipment including the use of teleremote mining equipment which is expected to deliver both safety and productivity benefits. Based on Barmenco's previous working knowledge at Savannah, opportunities to increase ore production and reduce dilution have also been identified.

Processing Plant LOI

Following an evaluation of an owner-operator model for the processing plant and a competitive contract tender process, a non-binding Letter of Intent (LOI) was signed during the quarter with specialist mineral processing engineering group, Primero (which is owned by NRW Holdings (ASX:NRW)). The LOI relates to all processing and maintenance work at the Savannah processing plant over the next three years of operations.

A number of opportunities for improved recoveries have been identified from enhanced operating practices and the completion of some minor capital works. The non-binding Letter of Intent with Primero has been structured to incentivise the achievement of higher than budget recoveries. Panoramic is working with Primero to complete a binding contract in the June quarter 2021.

Savannah Capital Infrastructure Projects

Major ancillary capital projects to further de-risk operations commenced in January consisting of:

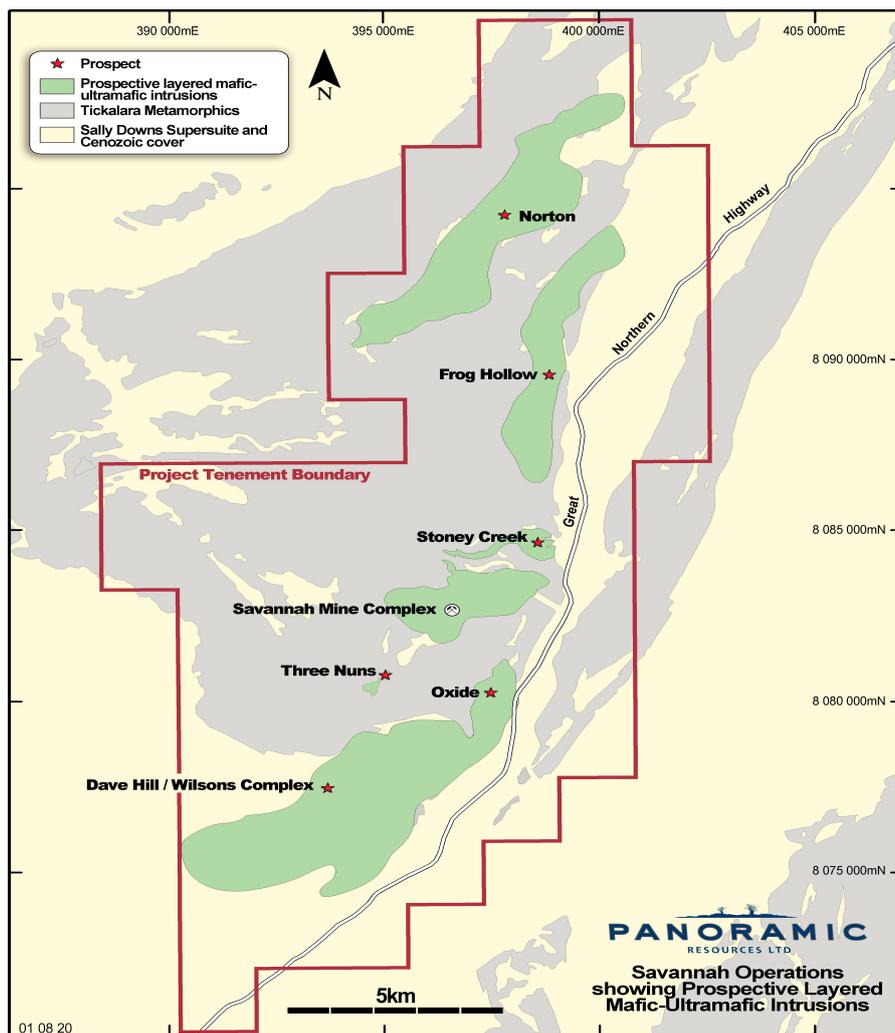
- Drilling of paste lines into Savannah North and installation of pipes;
- Surface power reticulation upgrade;
- Surface return air raise fan refurbishment, civil construction and installation; and
- Expanding and upgrading the mining administration office building.

At the end of the March quarter progress was tracking on schedule and within budget. These capital infrastructure projects have a total cost of A\$5.4 million and will be fully funded from existing cash reserves. The completion of these work programs is expected in the June quarter 2021.

Exploration

As is often the case during the March quarter, exploration activities were restricted due to the impacts of the wet season. Field activities were restricted to geological mapping campaigns when the weather permitted. The focus of the mapping campaigns was to close off the northern limits of the Frog Hollow intrusion located to the north of Savannah and secondly to complete preliminary maps for an extensive area of previously un-mapped mafic granulite intrusions located on E80/4834 to the west of Savannah Mine Complex (Figure 1). Research conducted by Panoramic in collaboration with the CSIRO in recent years has shown that these older mafic intrusions located about Savannah are potentially prospective for “Savannah-style” nickel sulphide mineralization and therefore justify a renewed exploration focus.

Figure 1 – Savannah Operations showing Prospective Layered Mafic-Ultramafic Intrusions



In addition to these field activities, Whistlepipe Exploration Pty Ltd (WPEX) was engaged by Panoramic during the quarter to undertake a review of the Company's regional exploration datasets with the aim to provide feedback on the current status of exploration, residual prospectivity of the region, potential targets within existing tenure and recommendations for future exploration. The WPEX review will be completed in the June quarter.

Planned exploration on the Norton intrusion located to the north of Savannah was postponed last year after the WA Government requested additional consultations take place with other Traditional Owners affiliated with the area. During the quarter the Company continued to work with the Kimberley Land Council (KLC) in Broome to facilitate this process. The Company is hopeful that the process will be completed soon and access to the area can occur in 2021.

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Restart Financing and New Offtake Agreement

To support the restart of operations at Savannah, the Company entered into a new five-year nickel and copper concentrate offtake agreement from February 2023 to February 2028 with Trafigura Pte Ltd, an independent, global commodities trading house. Commencement of the offtake agreement with Trafigura aligns with the expiry of the Company's existing offtake agreement with Jinchuan and was the culmination of a competitive tender process, that has resulted in terms and payment arrangements equivalent to, or more favourable than, the existing offtake agreement.

Trafigura has also committed to provide a US\$45M secured loan financing facility. The finance facility consists of a US\$30M Prepayment Loan Facility (PLF) and a US\$15M Revolving Credit Loan Facility (RCF). The PLF has a five-year term following drawdown with interest-only payments required in the first 12 months, thereafter debt repayments commence, with scheduled repayments increasing over time.

The RCF has an 18-month term and has the option (at the Company's election) to be repayable by way of a final bullet repayment of US\$15M at the end of the facility term. Both the PLF and RCF are secured by Savannah project mining and exploration leases and have no mandatory hedging requirement.

First draw down under the PLF is anticipated to occur in the September 2021 quarter and is subject to the satisfaction of a number of conditions precedent, including but not limited to the execution and registration of security documents, which have not as yet been satisfied. These conditions precedent are anticipated to be completed in the June quarter 2021.

Thunder Bay and Panton

The Company continues to progress with Canadian Tax Authorities the certification and release of withheld proceeds totaling CAD\$2.25 million from the sale of the Thunder Bay assets. The Company anticipates receiving these funds in the June 2021 quarter.

The Company retains a 20% ownership interest in the Panton assets (refer to ASX announcement 7 December 2020). The Company is considering options to dispose of this interest in the June 2021 quarter either by way of GNP exercising its option for \$3 million or sale to a third party.

Group Cash

Group cash (available and restricted \$250k) as at 31 March 2021 totaled \$26.4 million. The movement in the cash position during the quarter included the following key items:

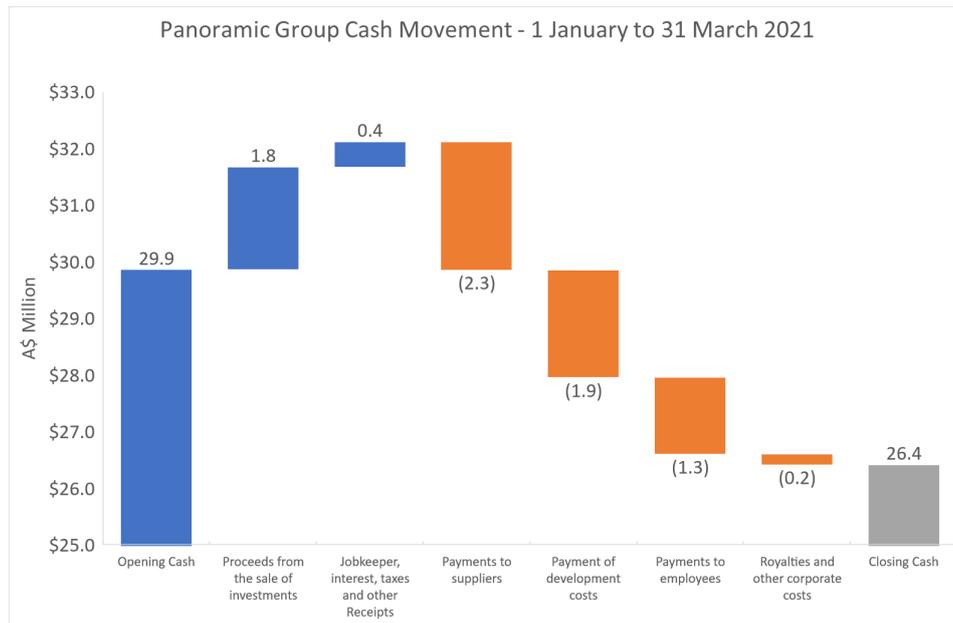
Inflows

- \$1.8 million received from the sale of shares held in ASX listed companies GME Resources Ltd and Horizon Gold Limited.

Outflows

- \$4.2 million on Savannah site costs (capital / operating / suspension costs); and
- \$1.2 million on corporate and finance lease costs.

Figure 2: Panoramic Cashflow Movement



Competent Person

The information in this release that relates to exploration results, Mineral Resources and Ore Reserves is based on information compiled by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee and shareholder of Panoramic Resources Limited.

The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of target/deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hicks consents to the inclusion in the release of the matters based on the information in the form and context in which it appears.

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: PAN**) is a Western Australian company which owns the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned and operated the Project from 2004 until 2016 before the mine was placed on care and maintenance. Following the discovery of the Savannah North orebody, the mine was recommissioned in 2018 before operations were temporarily suspended in 2020.

Panoramic has completed an updated Mine Plan for Savannah which has outlined an attractive near-term nickel sulphide mine restart opportunity. Following the completion of a ventilation shaft for the Savannah North deposit, additional underground capital development and ancillary works, the Board of Panoramic approved the restart of Savannah in April 2021 with a target of first concentrate shipment by the end of 2021.

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

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