

29 January 2019

VISION | COMMITMENT | RESULTS

ASX: PAN

## Quarterly Report for the period ending 31 December 2018

### Significant Points

#### GROUP

- Safety – no lost time injuries
- Cash – \$19.2 million in available and restricted cash, plus \$16.5 million available to be drawn down against the \$40 million Macquarie Facility.

#### NICKEL

##### Savannah

- Mining – mine production commenced from the Savannah orebody
- Process Plant – refurbishment completed at the end of November, first ore through the mill mid-December
- Tailings Storage Facility– 3m lift of the existing facility wall completed
- Savannah North ventilation rise – pilot hole completed mid-January 2019, reaming underway
- Recruitment – recruiting and on-boarding of site personnel ongoing
- Revenue – first concentrate shipment scheduled for 5-10 February 2019
- Exploration – additional assaying of samples from Frog Hollow returned anomalous vanadium results

##### Lanfranchi

- Project sale successfully completed for a total cash consideration of \$15.1 million (\$13.5 million received to date)

#### GOLD

##### Gum Creek (51% indirect)

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

#### PGM

##### Panton

- Metallurgical studies on the viability of producing a PGM concentrate and a chromite by-product stream ongoing

##### Thunder Bay North

- Discussions on future plans for the Project ongoing

#### CORPORATE

- Perth based commercial, shipping and treasury systems and procedures have been re-established
- Hedge Book \$20 million in the money as at 31 December 2018

## Group Summary

### Safety

No lost time injuries. Occupational, health and safety (OHS) systems and procedures have been re-established at the Savannah Project.

### Environment

There were no significant environmental incidents recorded and Savannah and other locations were maintained within all statutory, regulatory and licence conditions.

## Nickel – Savannah Project

### Savannah Project Restart

On 16 July 2018, the Company announced that it had made the decision to restart operations at the Savannah Project (*refer to the Company's ASX announcement of 16 July 2018*). The decision to re-open the mine was made on the basis that the last two remaining conditions precedent for a restart had been satisfied:

- signing of a new four-year Concentrate Sales Agreement with Jinchuan Group Co. Ltd / Sino Nickel Pty Ltd; and
- Macquarie Bank Limited providing a secured, credit approved project loan of up to A\$40 million.

In the second half of 2018, refurbishment activities that had already commenced on the Savannah process plant were expanded to include the re-establishment of the existing underground mine and other surface infrastructure, including the accommodation camp and administration buildings. RUC Cementation Mining Contractors Pty Ltd commenced drilling the 900m pilot hole, in preparation for reaming the 5m diameter hole for the ventilation rise at Savannah North.

Further details and commentary on these activities and other areas of the Savannah Project restart are given below (*also refer to the Company's ASX announcement of 15 January 2019*).

### **Mining**

Underground operations recommenced during the December 2018 quarter with focus on the following activities:

- Recommissioning of underground air, water and electrical services;
- Rehabilitation of previous ground support;
- Production drilling to build-up ROM ore stocks;
- Commencement of mine production activities on the Savannah orebody;
- Refurbishment of the paste plant; and
- Development of the twin decline across to the Savannah North orebody. Production from the Savannah North orebody will ultimately replace production from the Savannah orebody in late 2019.

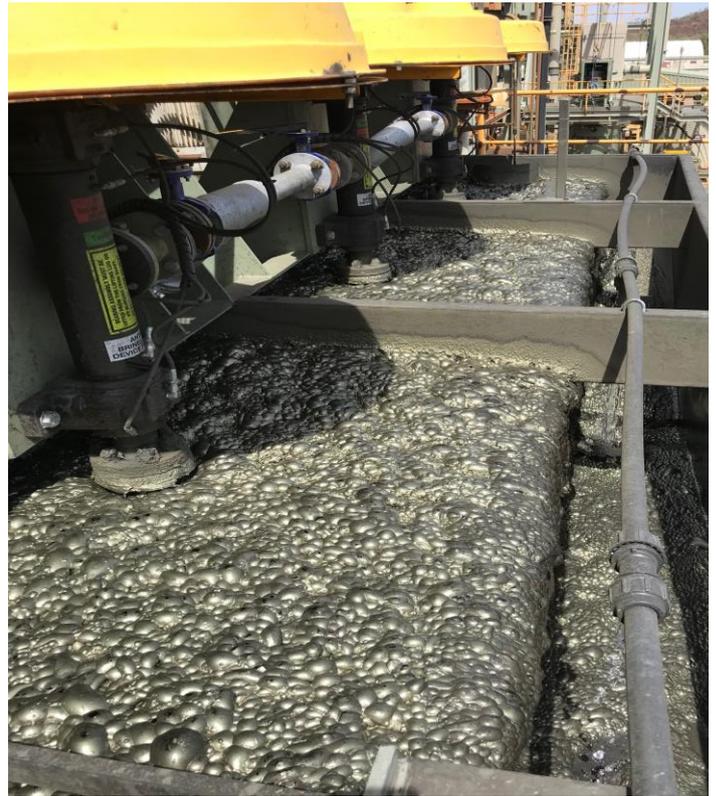
Pre-production and rehabilitation work in October and November were on target, however the production ramp up in December was slower than forecast due to a combination of factors, including:

- Delays in recruiting various operational and maintenance roles;
- Mobile equipment availability; and
- A severe storm which required personnel to be deployed elsewhere to repair damage and to reinstate services.

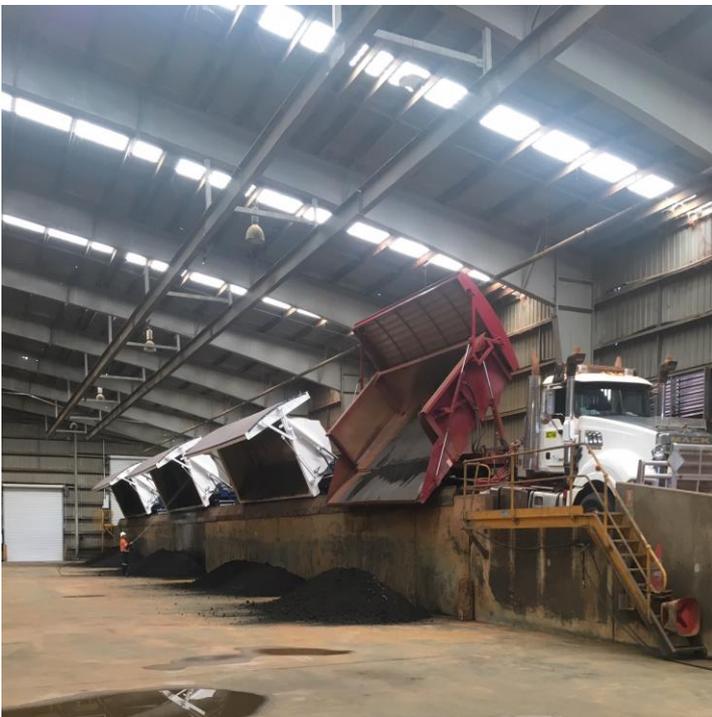
The factors impacting ore production during December have either been rectified in January or plans are in place to resolve them. As at 31 December 2018, there was approximately 17,000t of ore on the ROM pad and another 10,000t of broken stocks underground.



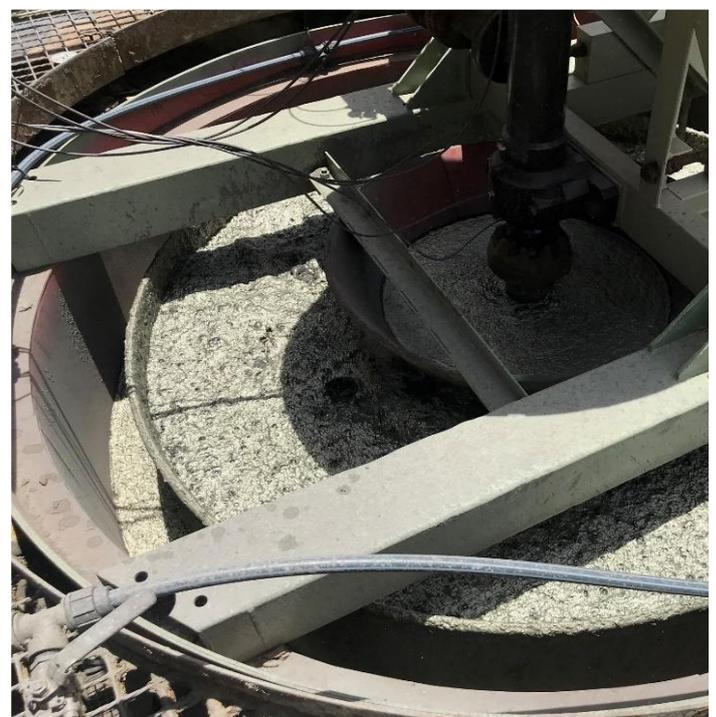
**Photo 1: Savannah SAG Mill**



**Photo 2: Flotation cells in operation**



**Photo 3: Bulk concentrate being unloaded in the Wyndham shed**



**Photo 4: Flash Cell being recommissioned**

## Process Plant

Engineering firm, MACA Interquip, commenced the Phase One refurbishment work on the process plant in late April and extended the work to include the Phase Two refurbishment activities from mid-July. The refurbishment of the process plant was completed at the end of November.

The recommissioning of the process plant commenced in mid-December with first ore run through the mill on 17 December 2018.

Despite a number of mechanical and electrical issues being encountered, by early January, mill throughput was exceeding 2,000 tonnes ore per day and recoveries were approaching 80% for nickel, 90% for copper and 80% for cobalt.

## Tailings Storage Facility

The earthworks for the 3m lift on the tailings storage facility (TSF) wall was completed in October. The TSF now has capacity to store tailings for approximately another three years.

## Savannah North Ventilation Rise

In July 2018, RUC Cementation Mining Contractors Pty Ltd (RUC) was awarded the contract to drill the raisebore pilot hole and undertake the 5m diameter reaming for the major ventilation rise at Savannah North. The drilling of the 900m pilot hole commenced on 28 August 2018 and was completed on 7 January 2019. RUC has now commenced work on reaming the 5m diameter hole, which is due for completion in the September 2019 quarter.

## Personnel

The Company is continuing to recruit and on-board personnel. As at the date of this report, the Company had filled 198 roles at Savannah out of the total budgeted work-force of 250 employees. All site employees are being employed on a FIFO roster of two weeks on, two weeks off which is proving attractive to prospective employees.

The Company is continuing to use labor hire in the areas where there have been delays in the recruitment of specialist operational and maintenance roles. The general shortage of experienced, skilled trades and operators is adding to the challenge of reaching operating target rates.

## Project Financing and Hedging

On 13 July 2018, Panoramic (Guarantor), Savannah Nickel Mines Pty Ltd (Borrower) and Macquarie Bank Limited agreed the terms of a credit approved term sheet for secured Project Finance Facilities for up to A\$40 million in project financing and commodity/US\$:A\$ FX hedging facility (as detailed in the Company's ASX announcement of 16 July 2018).

On 20 September 2018, the parties executed the Savannah Facility Agreement (SFA) and ISDA hedging agreements. As at the date of this report, \$28.5 million had been drawn down against the SFA.

The mandatory hedge program under the SFA was completed in July, being 7,000t Ni and 3,000t Cu. In November 2018, the profile for nickel was amended, with a portion of the volume (1,744t) for delivery in 2019 being transferred to the first half of FY2022. The delivery profile for nickel, on a financial year basis, is now as follows:

- FY2019 – 732t Ni at an average forward price of A\$8.48 per pound;
- FY2020 – 2,086t Ni at an average forward price of A\$8.50 per pound;
- FY2021 – 2,438t Ni at an average forward price of A\$8.52 per pound; and
- FY2022 (Jul to Dec) – 1,744t Ni at an average forward price of A\$8.24 per pound.

**As at 31 December 2108, the nickel hedge book had a positive valuation (“in-the-money”) of \$20 million.**

The delivery schedule for copper was not changed, with 3,000t Cu to be delivered between February 2019 and June 2021 at an average forward price of A\$3.71 per pound.

## Revenue

The Company has booked a concentrate shipment and the vessel is currently on schedule to be in Wyndham in early February to load between 5,000-8,000wmt of Savannah concentrate. The trucking of concentrate from Savannah to the Company's concentrate shed at the port has commenced.

## Savannah Exploration

Exploration activities were curtailed during the quarter as the Company focused on the Savannah re-start.

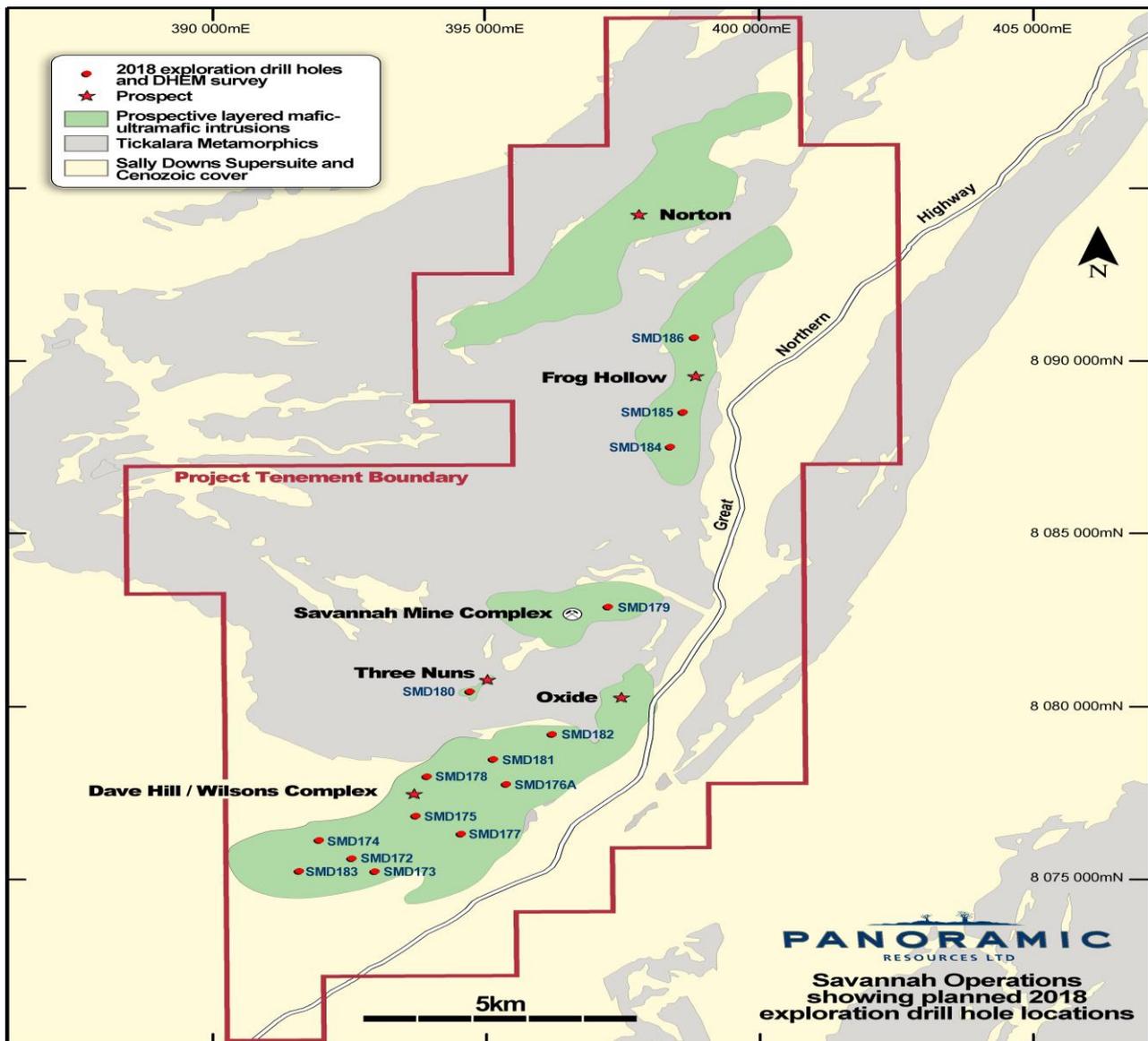
In the September 2018 quarterly, the Company reported on drilling activities on the Frog Hollow, Subchamber D and Dave Hill/Wilsons intrusions (*Figure 1*). The aim of these programs was to determine the broad 3D architecture of the intrusions and, if they existed, the location of the more prospective ultramafic (high MgO rich) phases within each intrusion. As part of this drilling, a drill hole was also completed at Three Nuns (*Figure 1*).

Although no new significant nickel sulphide mineralisation was intersected in these drill programs, the broader aim was achieved, with the Company gaining valuable knowledge on the architecture and character of each intrusion.

Of particular importance was **the identification of the potential of the Frog Hollow intrusion to host a significant titaniferous magnetite deposit (TMD), with all three Frog Hollow drill holes intersecting broad thicknesses containing significant magmatic titanomagnetite accumulations.** Preliminary, selective assaying of these zones confirmed that the zones are anomalous in vanadium grading up to 0.4% V<sub>2</sub>O<sub>5</sub>. As follow-up, detailed assaying on the titaniferous magnetite zones is being undertaken and results will be reported in the March 2019 quarter.

Results for “high-precision” TIMS (thermal ionization mass spectrometry) geochronological age dating for the Subchamber D and Dave Hill/Wilsons intrusions were received during the quarter. Both intrusions were emplaced more-or-less at the same time, but some 7-9 million years before the mineralised Savannah and Savannah North intrusions were emplaced. The dating of the Frog Hollow intrusion is currently still in progress. The results to date on dating provide a greater understanding of the formation of Savannah style nickel sulphide deposits and will assist in future exploration in the region.

**Figure 1 – Savannah Project Location Plan showing prospective mafic-ultramafic intrusions and 2018 exploration drill holes**



## Nickel – Lanfranchi Project

### Lanfranchi Sale Agreement

On 13 September 2018, the Company announced that it had agreed to sell the Lanfranchi Nickel Project to a wholly owned subsidiary of Texas-based Black Mountain Metals LLC (“Black Mountain”) for a total cash consideration of \$15.1 million. A deposit of \$1.51 million was paid to Panoramic on signing, with a further \$11.99 million due on completion.

On 6 December 2018, the Company announced that all conditions precedent to the sale had been satisfied or waived and final settlement had been concluded, with Black Mountain making the second \$11.99 million payment.

Panoramic will receive a deferred cash consideration of A\$1.6 million to be paid in 12 equal monthly instalments, commencing from the date that is 14 days from the first supply of ore under the current contract with BHP Nickel West Pty Ltd, the processing of ore in another commercial capacity or 1 January 2021, whichever is earlier.

## PGM – Thunder Bay North Project

The Thunder Bay North (TBN) Project is located near Thunder Bay in northwest Ontario, Canada. 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 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 development asset which fits within the Company’s commodity diversification and growth strategy and is a key part of its Kimberley Hub concept.

In addition to continuing to sponsor research by Curtin University on alternative PGM leaching methods applicable to Panton ore, the Company is studying the viability of producing a high-grade PGM concentrate together with a chromite by-product stream.

In the September 2018 quarterly report, the Company released the results of a preliminary test-work program to investigate the possibility of producing a chromite by-product stream. The work indicated that a metallurgical grade chromite by-product can be produced from the Panton PGE concentrate flotation tails using relatively straightforward and inexpensive (WHIMS) magnetic separation techniques. The WHIMS test-work indicated that at a recovered mass of approximately 50% of the flotation tail, the chromite rich by-product grades 40.66% Cr<sub>2</sub>O<sub>3</sub>, 30.47% FeO, 8.68% MgO, 11.93% Al<sub>2</sub>O<sub>3</sub> and 3.77% SiO<sub>2</sub>.

The ability to generate a second revenue stream based on a chromite by-product is potentially a significant development for the Panton Project.

In the December 2018 quarter, the Company commenced test-work in conjunction with Curtin University to evaluate the feasibility of producing a value-added Pt, Pd and Au product (bullion) from Panton while maintaining the ability to also produce an economic chromite by-product revenue stream.

Previous test-work by Curtin on “run of mine ore” Panton samples had demonstrated the effectiveness of a novel chloride salt roast leach extraction and anion-exchange recovery process. Using the chloride salt roast leach process, very high (>99%) leach extraction levels of Pt and Pd were achieved from the ore with relatively low co-extraction of deleterious chromium. Separation of the 3PGE from the large excess of interfering cations and anions in the chloride solutions was then successfully achieved via a anion-exchange resin cellulose process.

The aim of the new test-work program is to determine if this innovative extraction and recovery method performs equally well on a high-grade PGE (flotation) concentrate. **If the run-of-mine ore results can be replicated on a high-grade PGE concentrate, it will have significant advantages for the project by reducing the capital and operating cost of the PGE extraction and recovery process (treating concentrate instead of run-of-mine ore), enabling the production of a valuable Pt, Pd and Au product as bullion, while maintaining the ability to produce a revenue generating chromite by-product from the flotation tails.**

To facilitate the test-work, the Company produced and delivered to Curtin University a high grade (236g/t 3PGE) flotation concentrate sample. Curtin will begin extraction and recovery tests on the high-grade PGE concentrate sample early in 2019.

## 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 2018 was approximately \$8.6 million.

Exploration activities are ongoing at Gum Creek (*refer to Horizon’s December 2018 quarterly report for further details*). Under the October 2016 Management Agreement (“Agreement”), Panoramic staff are providing management services to Horizon on a cost recovery basis.

On 12 December 2018, the Company agreed with Horizon Gold to extend the Agreement on the same terms for a further six months, until 21 June 2019.

## Corporate

### Cash

**Group Cash as at 31 December 2018 totalled \$19.2 million.** The Company had \$16.5 million available to be drawn down against the \$40 million Macquarie SFA. Since the end of the quarter, a further \$5 million has been drawn down under the SFA.

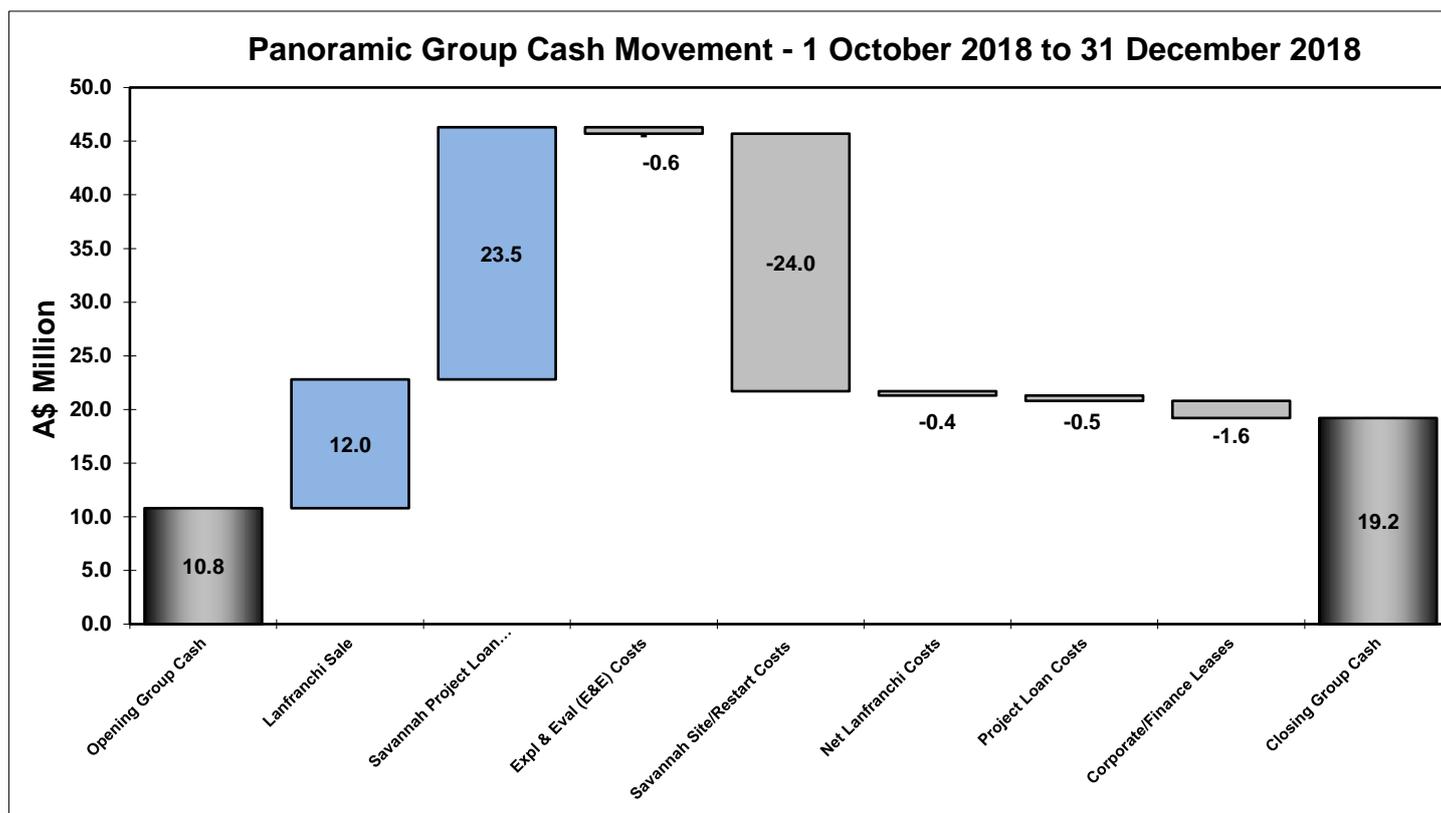
The movement in the cash position during the quarter included the following items:

- \$12.0 million second payment from Black Mountain, in relation to the completion on the sale of the Lanfranchi Project;
- \$23.5 million proceeds from the \$40 million Macquarie project loan;
- \$0.5 million payment on project loan establishment costs and fees
- \$0.6 million on exploration activities (including tenement rents and rates);
- \$24.0 million on pre-production restart costs at Savannah; and
- \$1.6 million on corporate and other costs.

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

At 31 December 2018, \$1.3 million was cash-backed against the drawn amount on the Company’s performance bond facility. Since the end of the quarter, the \$0.6 million performance cash-backed bond in relation to the Lanfranchi Project has been cancelled.

Figure 2 – Panoramic Group Cash Movement (December 2018 Quarter)



## Competent Person

The information in this release that relates to Exploration Targets and exploration results 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. Mr Hicks also holds performance rights to shares in relation to 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.

## 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 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 on schedule to be delivered early in the March 2019 quarter. The Lanfranchi Project was sold in December 2018 for a total cash consideration of \$15.1 million, providing additional financial support for the reopening 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 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.

At 31 December 2018, Panoramic had \$19.2 million in available and restricted cash. The Company also had \$16.5 million available to be drawn down against the \$40 million project financing facility with Macquarie Bank.

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

**For further information contact:  
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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.