

FY2019 Full Year Results

Key Points

- **Operations** - decision made to re-start Savannah in July 2018 and milling commenced in December
- **Revenue** - \$25.1 million
- **Cash flow from operating activities** - \$8.4 million net outflow
- **Cash flow from investing activities** - \$63.1 million net outflow including Savannah pre-production costs (\$47.5 million), Savannah plant and equipment (\$25.7 million) and Group exploration and evaluation costs (\$6.0 million)
- **Reported net profit after tax** - \$9.2 million
- **Net current assets** - \$14.7 million
- **Net assets** - \$116.1 million

Key Metrics

Description (Units in A\$ million unless otherwise stated)	FY2019	FY2018	FY2017
Nickel in concentrate production (dmt)	2,484	-	-
Nickel in concentrate sales (dmt)	2,357	-	929t
A\$ average spot nickel price	\$8.04/lb	-	\$5.57/lb
Net revenue	\$25.1	-	\$8.4
Cost of sales before depreciation and amortisation (D&A)	(\$22.8)	-	(\$9.0)
Underlying Savannah EBITDA	\$2.3	-	(\$0.6)
Other Income	\$2.8	\$1.7	\$0.6
Care and maintenance costs (exc. D&A)	(\$0.8)	(\$5.2)	(\$7.1)
Loss before tax and impairment	(\$9.1)	(\$9.5)	(\$13.9)
Net impairment/write-off reversal/(losses) before tax	\$18.3	(\$38.5)	\$9.2
Income tax (expense)/benefit	-	-	-
Reported net loss after tax	\$9.2	(\$48.0)	(\$4.7)
Cash inflow/(outflow) from operating activities before tax	(\$8.4)	(\$6.9)	(\$7.9)
Cash inflow/(outflow) from investing activities	(\$63.1)	(\$7.3)	(\$4.2)
Cash and cash equivalents (Consolidated Group)	\$28.5 ¹	\$26.7	\$22.4
Cash and cash equivalents (Panoramic Group only)	\$26.6 ²	\$19.6	\$10.7
	30 June 2019	30 June 2018	30 June 2017
Current Assets	\$49.8	\$43.3	\$21.4
Non-Current Asset	\$177.1	\$77.6	\$124.8
Total Assets	\$226.9	\$120.9	\$146.2
Current Liabilities	\$35.1	\$8.2	\$4.3
Non-Current Liabilities	\$75.7	\$26.8	\$29.8
Total Liabilities	\$110.8	\$35.0	\$34.1
Net Assets	\$116.1	\$85.9	\$112.1

¹ includes restricted cash held with Macquarie Bank of \$15.6 million (classified as an "other receivable" in the statutory accounts), \$0.2 million cash-backing the Company's performance bond facility and Horizon Gold's 30 June 2019 cash balance of \$1.9 million (30 June 2018: \$7.1 million)

² Consolidated Group Cash and cash equivalents less Horizon Gold's 30 June 2019 cash balance of \$1.9 million (30 June 2018: \$7.1 million)

Commentary

Reported Net Profit after tax

The Company reported a net profit after tax of \$9.2 million for FY2019, up on the previous corresponding full-year net loss of \$48.0 million. The principal reason for the turnaround was the re-commencement of mining operations at the Savannah Project which facilitated a \$19.2 million non-cash impairment charge reversal to the carrying value of the Project's non-current assets.

The Project generated \$39.6 million of sales income in FY2019 following the re-commencement of bulk Savannah nickel/copper/cobalt concentrate shipments to China in February 2019. Of this amount, \$25.1 million was booked as sales revenue in the income statement, with the balance of pre-production income for the first two shipments in February and March 2019 being off-set against capitalised pre-production and development costs as the Project was still in the process of ramping-up production from the remnant Savannah orebody. Other income of \$2.8 million consisted of (1) a gain on the sale of the Lanfranchi Nickel Project (\$0.8 million); (2) sale of equipment (\$0.6 million); (3) positive final quotational sale price adjustments (\$0.5 million); (4) interest income (\$0.5 million); (5) rents and sub-lease rentals (\$0.4 million), and (4) net foreign exchange gains (\$0.04 million).

Underlying Savannah earnings before interest, depreciation and amortisation (EBITDA) for FY2019 was \$7.0 million (2018: nil).

Cash Flow

The operating activities of the consolidated entity (including greenfield exploration and net corporate costs) generated a net cash outflow of \$8.4 million (2018: \$6.9 million).

Net cash outflow from investing activities of \$63.1 million included; (1) \$47.5 million expenditure on pre-production and development activities at Savannah (2), Savannah plant and equipment of \$25.7 million and (3) \$6.0 million expenditure on exploration and evaluation activities at Savannah and the Gum Creek Gold Project, offset by the sale of the Lanfranchi Project for \$15.0 million.

In the second half of FY2019, the Company raised \$21.2 million of new equity (after costs) in order to provide working capital for the ramp-up of production from the Savannah orebody, to expedite the development of the new Savannah North orebody and to satisfy minimum liquidity requirements of the \$40 million Savannah Facility Agreement (SFA) with Macquarie Bank.

At 30 June 2019, the Panoramic Group (excluding Horizon Gold) had a closing cash balance of \$26.6 million. This balance includes \$15.6 million of restricted cash held with Macquarie which is classified in the statutory financial statements as "other receivables" and \$0.2 million cash-backing the drawn amount on the Company's performance bond facility.

Aggregate movements in the Panoramic Group's cash balance over FY2019 are shown in Figure 1. The cash balance and cash movements of the Horizon Group have been excluded from the analysis.

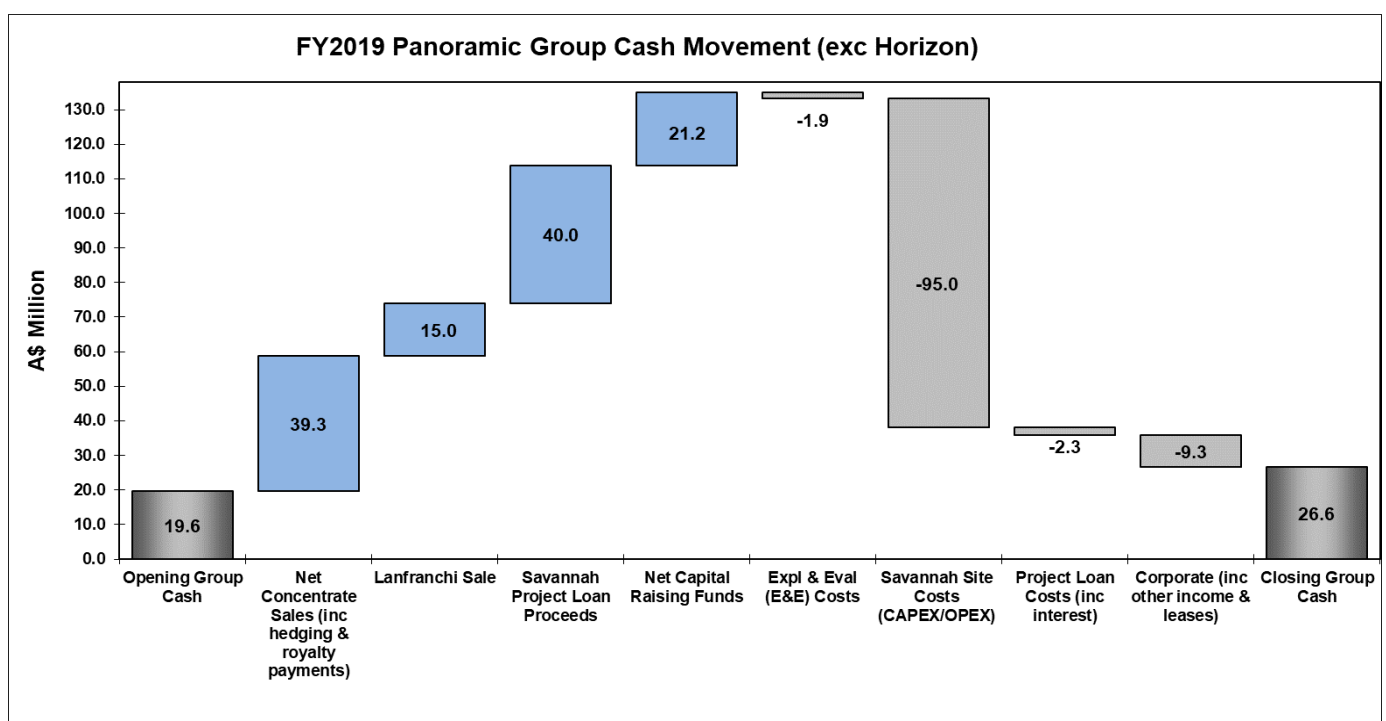


Figure 1

Savannah Nickel Project

In July 2018, the Company announced the decision to restart operations at the Project, including the development and mining from the high-grade Savannah North orebody. On 20 September 2018, the Group executed the \$40 million SFA, including executing an ISDA Master Agreement to undertake mandatory and discretionary commodity and foreign currency hedging. As at 30 June 2019, the Project had a commodity hedge book (excluding put options) consisting of 7,990 tonnes of nickel at an average fwd price of A\$8.37/lb and 2,636 tonnes of copper at an average fwd price of A\$3.71/lb.

Following the completion of the main refurbishment activities on the Savannah Process Plant, production of a bulk Savannah nickel/copper/cobalt concentrate commenced in December 2018. Through-out the second-half of the financial year, the ramp-up of mining of the Savannah remnant orebody was slower than forecast due to a number of factors, as described in the Company's December 2018 and March 2019 quarterly reports. In FY2019, the Project produced 2,484 tonnes of nickel, 1,474 tonnes of copper and 130 tonnes of cobalt in concentrate.

On 5 March 2019, the SFA was amended in response to the slower than expected ramp-up in production from the Savannah orebody, lower metal prices and tighter liquidity. The first loan repayment, originally scheduled for 31 March 2020, was moved to 30 June 2020 without changing the repayment end date of 31 December 2021. In addition, the \$40 million, now fully drawn and outstanding under the SFA, was split over two tranches of \$30 million in Senior Debt and \$10 million in Mezzanine Debt.

In May, due to poor ground conditions and the slower than expected raise bore penetration rates of the new 900m Savannah North ventilation raise, a decision was made to reduce the reamer head diameter from 4.5m to 4.1m. The change to a smaller reaming head has made a positive impact in advancement rates and by the end of August, the raise bore had advanced 213m or 24% of the rise design completed.

Exploration

During the financial year, the Company undertook drill testing of three under-explored layered mafic-ultramafic intrusions at Frog Hollow, Wilson/ Dave Hill and Sub-Chamber D. All three areas are located on or near the Savannah Nickel Project. The aim of these drill programs was to determine the broad 3D architecture of the intrusions and, if they existed, the location of the more prospective ultramafic (high MgO) phases within each intrusion. As part of these programs, a drill-hole was also completed at Three Nuns. Although no new significant nickel sulphide mineralisation was intersected, the broader aim of the programs was achieved by 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 holes intersecting broad thicknesses containing magmatic titanomagnetite accumulations. Follow-up, detailed assaying on the zones and intensity magnetic separation (WHIMS) testing in the June 2019 quarter determined the typical vanadium grade and recovery that can be achieved to a vanadiferous titanomagnetite (VTM) concentrate using this technique. The next steps to progress the Frog Hollow VTM Project are currently being evaluated.

Investment in Horizon Gold

In recognition of the Company's majority 51% investment in Horizon Gold Limited ("Horizon Gold"), under *AASB 10 Consolidated Financial Statements*, the assets, liabilities, equity, income, expenses and cash flows of Horizon Gold are required to be consolidated in the financial statements of the Panoramic Group, after attributing the profit or loss and each component of other comprehensive income to the equity owners of the Company and to the 49% non-controlling interests.

For clarity, the Company has also included in the Directors' Report, a non-AIFRS balance sheet in which the Company's 51% shareholding in Horizon Gold has been "re-classified" as an "investment in subsidiary". In this Pro-forma balance sheet, the equity investment in Horizon Gold of 39.03 million shares is shown at fair value through other comprehensive income measured using the quoted share price of Horizon Gold at the end of the period, instead of consolidating the separate assets, liabilities and results of Horizon Gold as required under AASB10. The shares in Horizon Gold were restricted from trading on the ASX until 21 December 2018. This non-AIFRS de-consolidated Pro-forma balance sheet is also shown in Appendix B but has also been adjusted to include in cash and other receivables, the restricted cash balance of \$15.6 million held with Macquarie as at 30 June 2019.

Outlook

Savannah Nickel Project

The Savannah North twin declines are scheduled to reach the Savannah North orebody in the December 2019 quarter, with first development ore to be treated in the mill in late 2019. Ore production from Savannah North will increase and transition to stope ore during the March 2020 quarter with full production from Savannah North planned during the June 2020 quarter.

The Savannah North ventilation rise is estimated to be completed early in the June 2020 quarter, provided that forecast advance rates are achieved. Ventilation consultants have confirmed that the smaller 4.1m diameter raise will provide the required ventilation to support the planned production rates from Savannah North.

In relation to the \$40 million project loan from Macquarie, the Company and Macquarie are in discussions in order to provide financial flexibility as the Savannah Nickel Project transitions to the Savannah North orebody.

Sale of Thunder Bay North PGM Project

On 2 July 2019, the Company executed a binding Letter Agreement with TSX listed Benton Resources Inc (“Benton”) to sell its shareholding in wholly owned subsidiary, Panoramic PGMs (Canada) Limited, the 100% owner of the Thunder Bay North (TBN) PGM Project, to Benton for a total of consideration of C\$9.0 million. The completion of the transaction is still subject to a number of conditions precedent, including the signing of a Definitive Agreement, Benton raising sufficient finance to fund the purchase price and the completion of the acquisition by Benton of the Escape Lake Project from Rio Tinto Exploration Canada Inc..

Nickel Price Commentary

The US\$ nickel has rallied strongly since May 2019, while the Australian dollar has continued to weaken against the United States dollar resulting in a strong spot A\$ nickel price (*Figure 2*). The recent rally is believed to be related to potential supply disruptions from Indonesia. With the forecast growth in electric vehicle (EV) demand globally, demand for nickel in EV batteries is expected to increase significantly which should underpin the US\$ nickel price in the future.

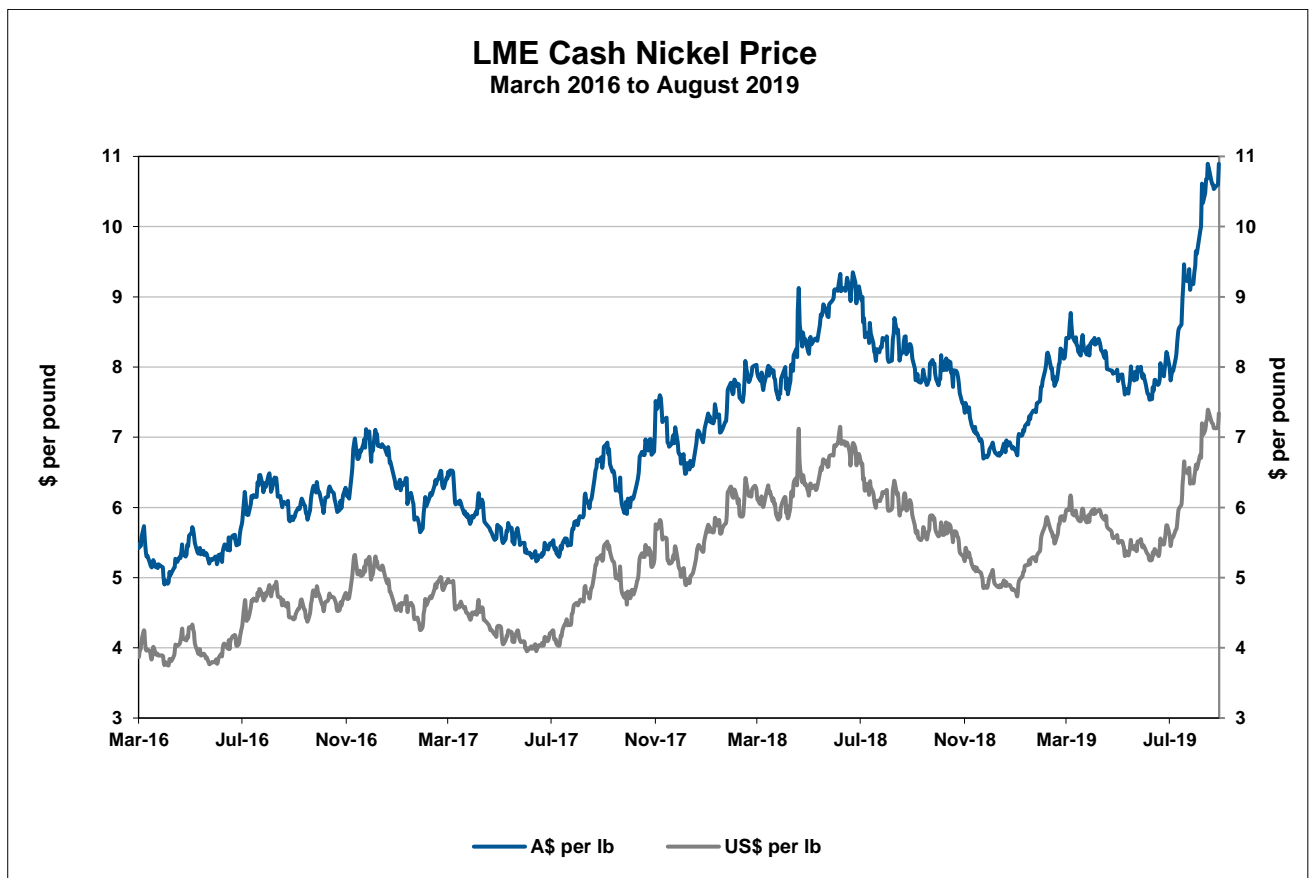


Figure 2

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.

At 30 June 2019, Panoramic had \$26.6 million in available and restricted cash. The Company has fully drawn down against the \$40 million project financing facility with Macquarie Bank.

**For further information contact:
Peter Harold, Managing Director
+61 8 6266 8600**

Appendix A

Summary of FY2019 Full Year Results

Description (Units in A\$ million unless otherwise stated)	FY 2019	FY2018	FY2017
Financials			
A\$ average spot nickel price ¹	\$8.04/lb	-	\$5.57/lb
Net revenue ²	\$25.1	-	\$8.4
Cost of sales before depreciation and amortisation	(\$22.8)	-	(\$9.0)
<i>Underlying Nickel Division EBITDA</i>	\$2.3	-	(\$0.6)
Depreciation and amortisation	(\$7.0)	(\$0.4)	(\$0.7)
Other income	\$2.8	\$1.7	\$0.6
Exploration and evaluation expensed	(\$0.7)	(\$0.5)	(\$0.5)
Care and maintenance costs (exc. D&A)	(\$0.8)	(\$5.2)	(\$7.1)
Other net costs including corporate costs	(\$5.7)	(\$5.1)	(\$5.6)
<i>Profit/(loss) before tax and impairments/write-offs</i>	(\$9.1)	(\$9.5)	(\$13.9)
Impairment reversal/(losses) before tax	\$19.2	(\$37.9)	\$9.2
Capitalised exploration and evaluation written-off	(\$0.9)	(\$0.6)	-
<i>Profit/(loss) before tax</i>	\$9.2	(\$48.0)	(\$4.7)
Tax benefit/(expense)	-	-	-
<i>Reported net loss after tax</i>	\$9.2	(\$48.0)	(\$4.7)
EPS (cents/share)	2.0c	(9.1c)	(1.0c)
Cash Flow			
Cash flow from operating activities before tax	(\$8.4)	(\$6.9)	(\$7.9)
Payments for property, plant, and equipment	(\$25.7)	(\$1.2)	(\$0.2)
Capitalised development costs	(\$47.5)	(\$2.7)	(\$0.3)
Exploration and evaluation expenditure (capital component)	(\$6.0)	(\$4.3)	(\$5.0)
Net proceeds from sale of Lanfranchi Nickel Project	\$14.3	-	-
Net proceeds from borrowings (after costs and repayments)	\$37.5	-	-
New equity, net of costs	\$21.2	\$19.8	\$14.1
Cash and cash equivalents (<i>Consolidated Group</i>)	\$28.5 ³	\$26.7	\$22.4
Cash and cash equivalents (<i>Panoramic Group only</i>)	\$26.6 ⁴	\$19.6	\$10.7
Physicals			
Nickel in concentrate production (dmt)	2,484t	-	-
nickel in concentrate sales (dmt)	2,357t	-	929t
Payable Nickel Cash Cost, including royalties	\$8.29/lb	-	-

¹ LME US\$ nickel daily cash price converted to A\$ using the daily RBA A\$:US\$ Settlement Rate 1 Feb 2019 to 30 June 2019 (FY2017: 1 Jul to 31 Dec 2016)

² net of by-product credits and smelter/ concentrate treatment charges

³ includes restricted cash held with Macquarie Bank of \$15.6 million (classified as an "other receivable" in the statutory accounts), \$0.2 million cash-backing the Company's performance bond facility and Horizon Gold's 30 June 2019 cash balance of \$1.9 million (30 June 2018: \$7.1 million)

⁴ Consolidated Group Cash and cash equivalents less Horizon Gold's 30 June 2019 cash balance of \$1.9 million (30 June 2018: \$7.1 million)

Appendix B

Pro-forma Panoramic Consolidated Balance Sheet ((1) 51% equity interest in Horizon Gold Limited re-classified as "Investment in Subsidiary" and (2) Cash includes cash held with Macquarie Bank)

Panoramic Group Consolidated Balance Sheet (A\$'000)	30 June 2019 (Pro-forma) ¹	Adjustments	30 June 2019 (AIFRS)
ASSETS			
Current assets			
Cash and cash equivalents ²	26,470	(13,737)	12,733
Trade and other receivables	3,643	15,635	19,278
Inventories	8,415	-	8,415
Derivative financial instruments	3,742	-	3,742
Prepayments	1,326	28	1,354
Assets classified as held for sale	4,299	-	4,299
<i>Total current assets</i>	47,895	1,926	49,821
Non-current assets			
Financial assets at fair value	957	-	957
Investment in subsidiary at fair value through other comprehensive income	6,830	(6,830)	-
Property, plant and equipment	54,705	4,296	59,004
Exploration and evaluation	11,851	15,912	27,763
Development properties	84,745	-	84,745
Mine properties	29	-	29
Derivative financial instruments	4,409	-	4,409
Other non-current assets	181	-	181
<i>Total non-current assets</i>	163,707	13,381	177,088
Total assets	211,602	15,307	226,909
LIABILITIES			
Current liabilities			
Trade and other payables	21,718	376	22,094
Borrowings	8,082	-	8,082
Derivative financial instruments	2,721	-	2,721
Provisions	2,158	47	2,205
<i>Total current liabilities</i>	34,679	423	35,102
Non-current liabilities			
Borrowings	38,553	-	38,553
Derivative financial derivatives	5,584	-	5,584
Provisions	21,375	10,173	31,548
<i>Total non-current liabilities</i>	65,512	10,173	75,685
Total liabilities	100,191	10,596	110,787
Net assets	111,411	4,711	116,122
EQUITY			
Contributed Equity	210,109	-	1210,109
Reserves	13,858	8,336	22,194
Accumulated losses	(112,556)	(9,267)	(121,823)
Non-controlling interests	-	5,642	5,642
Total equity	111,411	4,711	116,122

¹ The Pro-forma balance sheet presentation of the de-consolidated 51% equity interest in Horizon is a non-AIFRS treatment of this investment. The adjustments to the Pro-forma balance sheet are to comply with AIFRS.

² Includes \$15.593 million of restricted cash held with Macquarie Bank. In the AIFRS balance sheet this has been classified as an "Other receivable"