

6 March 2019

SAVANNAH OPERATIONS UPDATE & AMENDMENTS TO PROJECT LOAN FACILITY

Panoramic Resources Limited (“Panoramic” or the “Company”) provides an operational update on the progress of the ramp up of production from the Savannah nickel-copper-cobalt Project and advises of the amendments made and agreed with Macquarie Bank Limited (“MBL”) to the Savannah Facility Agreement (“SFA”).

Savannah Operations Update

Overview

As detailed in the December 2018 Quarterly Report, the operations faced a number of challenges during December 2018, including:

- Delays in recruiting various operational and maintenance personnel;
- Mobile equipment availability; and
- Storm damage that diverted resources away from operations in order to repair infrastructure and services.

The ramp up of the mining and processing operations continued during January and February albeit at slower than expected rates. Improvement initiatives are being implemented to address productivity predominantly in mining and decline development. A significant project milestone of the first shipment of concentrate was achieved in mid-February.

Mining

While mine production was approaching forecast in January 2019, there were various issues that contributed to ore production being below forecast in January and only 60% of forecast for February 2019, including:

- Delay in commissioning the paste plant and underground paste reticulation system which reduced the number of available mining stopes (paste plant now commissioned);
- Charge-up wagon availability (repairs undertaken, now rectified);
- Clumpy explosive (investigating options to resolve the issue);
- Underground radio communication issues (technical support provided and repairs undertaken);
- Reduced ventilation (a significant blockage was discovered, and now removed, in a fresh air rise); and
- Cable bolter availability (repairs undertaken to rectify a major fault, unit back in service).

The paste plant and reticulation system were commissioned towards the end of February and a total of 4,560m³ of paste was poured for the month. Paste placement will now ramp up, which will allow mining rates to improve.

Longhole production drilling exceeded forecast in February by 25% with 7,970m drilled.

Directors

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Non-Executive Chairman

PETER HAROLD

Managing Director

JOHN ROWE

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Non-Executive Director

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Non-Executive Director

TREVOR ETON

CFO / Company Secretary

Processing Plant

In order to conserve tailings required for stope backfilling, the processing plant was not operating while the paste plant and reticulating system were being commissioned. This impacted concentrate production in February, which was approximately 50% down on forecast. Nickel recoveries averaged 73% for February compared to a forecast of 81% which is an understandable result given the stop/start nature of the process plant operations and the fact that some ore on the ROM pad had oxidised. Importantly, both copper and cobalt recoveries were within 5% of target which demonstrates that the plant should achieve targeted recoveries when operating at steady state.

The paste plant and reticulating system were commissioned towards the end of February and will allow paste filling to ramp up to provide additional stopes for mining.

Concentrate Shipping and Revenue to date

The next ship is scheduled to depart Wyndham in late March. The nominated cargo size is 5,000-8,000wmt, with the final shipped tonnage dependent on concentrate production between now and the departure date.

Proceeds received from the first concentrate shipment in February were below forecast due to lower concentrate production, metallurgical recoveries and cobalt price received.

Savannah North Development

Total mine development in February was 193m (of which 88m was on the Savannah North twin declines), which is an improvement on January. The issues which have impacted advancement rates to date are continuing to be addressed.

The raisebore pilot hole broke through in January and back reaming has commenced. The raisebore is experiencing some blocky ground and progress has been slow, with 14m reamed as at the end of February. The slow reaming has potentially delayed the forecast completion of the project by approximately six weeks, into November 2019. A geotechnical review predicts an improvement in ground conditions within the next 25m.

Improvement Initiatives

To improve mining and processing operations, the following initiatives are being implemented:

- Delivery of new loaders and trucks ahead of schedule (second loader will arrive in March and the trucks are to be delivered in the June 2019 quarter);
- Additional technical staff to assist with all aspects of the mining and processing operations;
- Review of the mining schedule to determine if there is an ability to increase production to compensate for the slow ramp up; and
- Fill remaining vacancies of the permanent workforce.

Savannah Financing Agreement (SFA)

Background

As highlighted in the Company's 31 December 2018 Half Year Financials, due to the slow ramp up at Savannah, the Company has been in ongoing discussions with MBL to amend the SFA.

As part of these discussions, the first loan repayment, originally scheduled for 31 March 2020, has been moved to 30 June 2020 without changing the repayment end date (31 December 2021) which truncates the loan repayment schedule by one quarter.

The restructured loan repayment schedule has required the Company to agree a strategy with MBL, to ensure, at all times, that the forward-looking project ratios using MBL's conservative commodity and A\$:US\$ pricing assumptions are not breached, given there is now one less quarter of the future project cash flow available to repay the project loan facility. In addition, forecast cash flows during the repayment period of June 2020 to 31 December 2021 have been adversely affected by the significant fall in the US\$ cobalt price from US\$26 per pound to US\$15 per pound over the last two months.

Amendments to the SFA

The discussions with MBL have also focused around the need to ensure that the Savannah Project is fully funded during the Savannah North development/pre-production period in 2019/early 2020. As a result of these discussion, it was agreed between MBL and the Company, on 5 March 2019, that the following be implemented:

- **Additional hedging** – the Company undertakes 1,560t Ni forwards for delivery October 2020 to September 2021. This hedging has been completed at an average weighted nickel price after margin of A\$8.15 per pound;
- **Equity raising** – the Company undertakes a capital raising of at least \$19 million of which at least \$5 million is to be received by 31 March 2019 and the balance by 30 April 2019;
- **Repayment schedule** – the loan repayment schedule adjusted with the first repayment date being deferred to 30 June 2020; and
- **Minimum Liquidity** – from 30 April 2019, the project proceeds accounts (A\$ and US\$), in aggregate, are required to have a minimum balance of \$7.5 million. After the Savannah North pre-production period has ended in early 2020 and until final repayment in December 2021, the project proceeds accounts are required, in aggregate, to have a minimum of either \$7.5 million or the next month's operating cost, whichever is the greater.

The \$40 million, fully drawn and outstanding under the SFA, is now split over two tranches of:

- \$30 million in Senior; and
- \$10 million Mezzanine.

The \$10 million Mezzanine tranche attracts a higher margin than the Senior component and is the last tranche to be repaid under the repayment schedule, however, it is still very competitive for this type of project loan.

Additional Price Protection

In early February 2019, the Company purchased 2,347 tonnes of nickel put options at A\$16,500 per tonne (A\$7.48 per pound) for delivery in April 2019 to September 2019 for a premium cost of \$2.1 million. These puts are designed to give the Company protection from an unexpected fall in the A\$ nickel price during the initial ramp up while still providing 100% exposure to a nickel price rally.

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 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 Panton 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 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

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