

Quarterly Report for the period ending 30 June 2020

Significant Points

SAVANNAH

- **Safety** – sustained improvement in performance with second consecutive quarter of no Lost Time Injuries recorded and appropriate measures taken in response to the COVID-19 pandemic
- **Temporary suspension of Operations** – decision taken in mid-April to temporarily suspend operations due to operational uncertainty related to re-evaluated risk factors
- **Demobilisation of Mining Contractor** – underground mining contractor Barmenco fully demobilised from site by May 2020
- **Total Development Progress** – 196m of underground development was completed prior to suspension
- **Ore Milled** – 19,403t at 1.04% Ni, 0.48% Cu, 0.06% Co processed prior to suspension
- **Metallurgical Recovery** – good overall recoveries of 85.7% Ni, 93.5% Cu and 93.2% Co
- **Metal Production** – prior to suspension, Savannah had produced 172t Ni, 77t Cu and 11t Co contained in concentrate
- **Concentrate Shipped** – 6,542t concentrate shipped with the final shipment leaving in June
- **Raise Bore** – revised development strategy to complete the raise via a mid-raise access being driven from the Savannah decline, to facilitate recommencement of reaming from a safe position above the zone of instability
- **Savannah North** – First stope ore mined and processed in April prior to suspension with grade and recovery in line with expectations

CORPORATE

- **Equity Raising** – completion of underwritten placement and non-renounceable entitlement offer to raise approximately \$90.1 million (before costs) to support the recapitalisation of the Company
- **Western Areas becomes cornerstone shareholder** – acquisition of 19.9% shareholding in Panoramic in May 2020
- **Full repayment of senior secured debt facility with Macquarie Bank** – final payments of approximately \$32.5 million
- **Full repayment of subordinated debt facility with Zeta Resources** – final payment of approximately \$8.1 million
- **Reduction in Overhead resources** – 25% reduction in fees for Non-Executive Directors, 20% reduction in fees for Managing Director and salary reductions for head office staff implemented from 1 May following suspension of mining at Savannah
- **Group Cash** – \$31.4 million in available cash at quarter end (with approximately \$3.5 million received in early July from the Horizon share sale and approximately C\$2.25 million due to be received from the initial proceeds from the sale of Thunder Bay in addition to the deferred consideration – refer to the relevant sections below for more information)

Nickel – Savannah Project

Safety and COVID-19

The safety and wellbeing of our employees and contractors is paramount, as is that of the communities in which we live and operate.

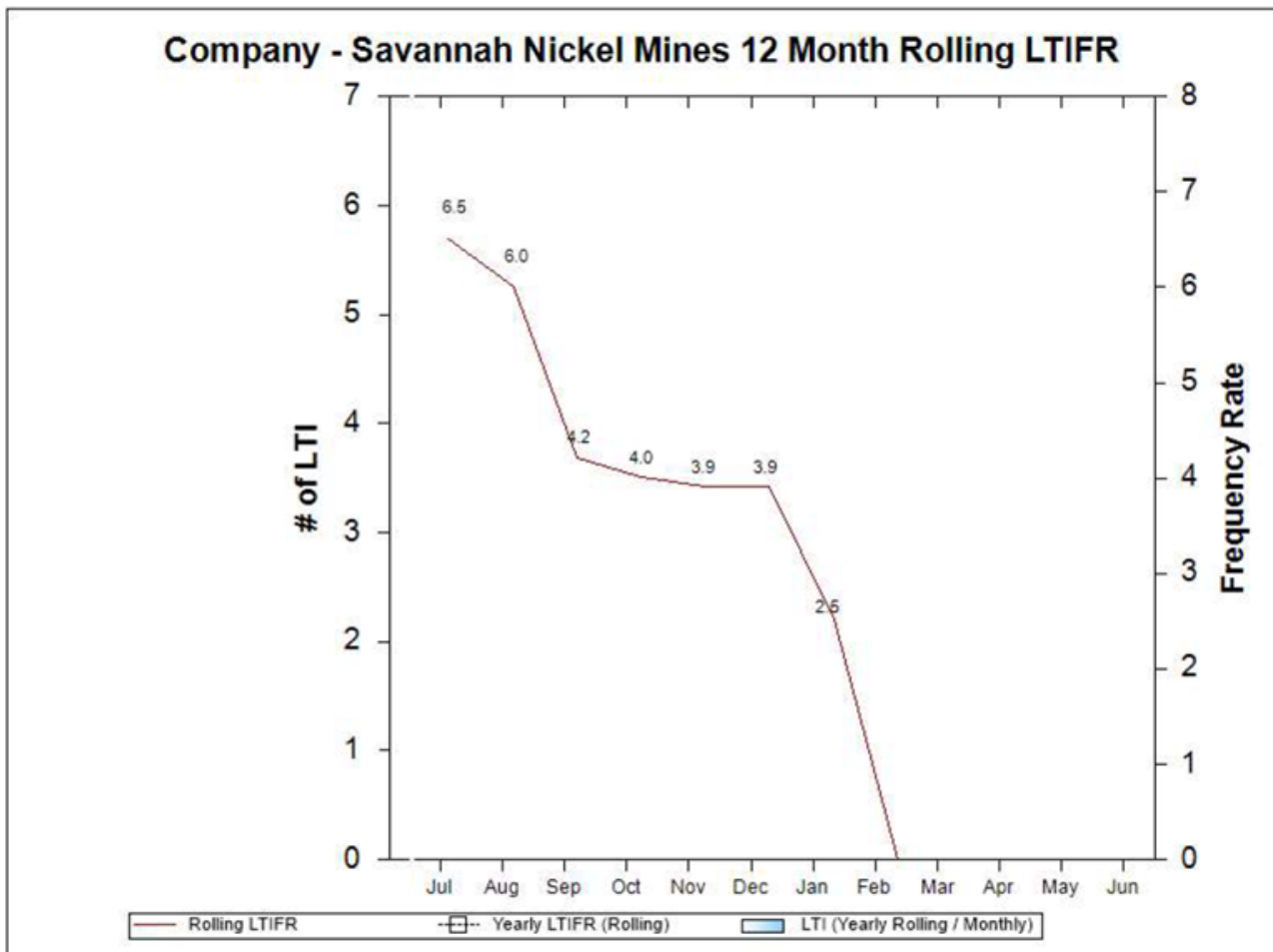
The Savannah 12 month rolling average Lost Time Injury Frequency Rate (LTIFR) remains at zero for a second consecutive quarter at 30 June 2020.

The transition from operations to temporary suspension at Savannah was completed with no safety incident which is a credit to the team during what has been a challenging period.

A range of measures targeted at minimising the risk of potential transmission of COVID-19 remain in place across the business. These include social distancing measures, increased hygiene practices and strict procedures on transferring personnel to site.

No cases of COVID-19 have been recorded in any employees on site or among employees residing in the Kimberley region.

Figure 1 – Savannah Project 12 month Rolling LTIFR as at 30 June 2020



Environment

During the quarter, the Savannah site-maintained compliance with all statutory and licence conditions.

Suspension of Operations

On 15 April, Panoramic advised it had elected to suspend operations at Savannah. The decision was based on the combination of significant operational uncertainty, disruption and cost escalation caused by COVID-19 restrictions, plus managing the ramp up of Savannah North (including managing issues which have previously been outlined by the Company).

Essential services, safety and environmental monitoring are continuing. Underground operations have ceased.

Operating Statistics

Prior to suspension of operations on 15 April, the Savannah Project produced 172t Ni, 77t Cu and 11t Co contained in concentrate. Concentrate shipped for the quarter was 6,542t containing 509t Ni, 332t Cu and 30t Co. All concentrate stocks from the Port of Wyndham have now been shipped.

Table 1 – Savannah Project Operating Statistics

Area	Details	Units	Period ending 15 April 2020	3 mths ending 31 Mar 2020	3 mths ending 31 Dec 2019	2019/20 YTD
Mining	Ore mined	dmt	16,459	107,527	129,522	372,842
	Ni grade	%	1.14	0.92	0.98	1.05
	Ni metal contained	dmt	187	989	1,269	2,446
	Cu grade	%	0.53	0.55	0.57	0.60
	Co grade	%	0.07	0.05	0.05	0.05
	Milling	Ore milled	dmt	19,403	119,401	129,184
Ni grade		%	1.04	0.87	0.97	1.05
Cu grade		%	0.48	0.51	0.57	0.61
Co grade		%	0.06	0.04	0.05	0.05
Ni Recovery		%	85.7	83.4	83.0	337
Cu Recovery		%	93.5	94.0	93.9	93.7
Co Recovery		%	93.2	88.6	87.2	88.3
Concentrate Production	Concentrate	dmt	1,999	11,624	15,065	45,883
	Ni grade	%	8.62	7.41	6.92	7.45
	Ni metal contained	dmt	172	861	1,042	3,417
	Cu grade	%	4.33	4.97	4.61	4.82
	Cu metal contained	dmt	77	578	695	2,215
	Co grade	%	0.55	0.40	0.37	0.39
	Co metal contained	dmt	11	46	55	176
Concentrate Shipments¹	Concentrate	dmt	6,542	15,080	14,866	50,535
	Ni grade	%	7.77	7.18	6.85	7.15
	Ni metal contained	dmt	509	1,083	1,018	3,613
	Cu grade	%	5.05	4.00	4.49	4.23
	Cu metal contained	dmt	332	604	668	2,137
	Co grade	%	0.46	0.38	0.36	0.38
	Co metal contained	dmt	30	57	53	190

¹ Mining and processing activities finished around 15 April 2020. The final concentrate shipment for 1,687 tonnes departed Wyndham Port in June.

Mining

Ore mined for the quarter was 16,459t prior to suspension. Ore was sourced from both the Savannah remnants and Savannah North workings.

Processing

Ore milled for the quarter was 19,403t at 1.04% Ni, 0.48% Cu and 0.06% Co. Average metal recoveries of 85.7% Ni, 93.5% Cu and 93.2% Co. Recoveries for the quarter were good and the plant has now been placed on care and maintenance during the suspension period.

Savannah North Development

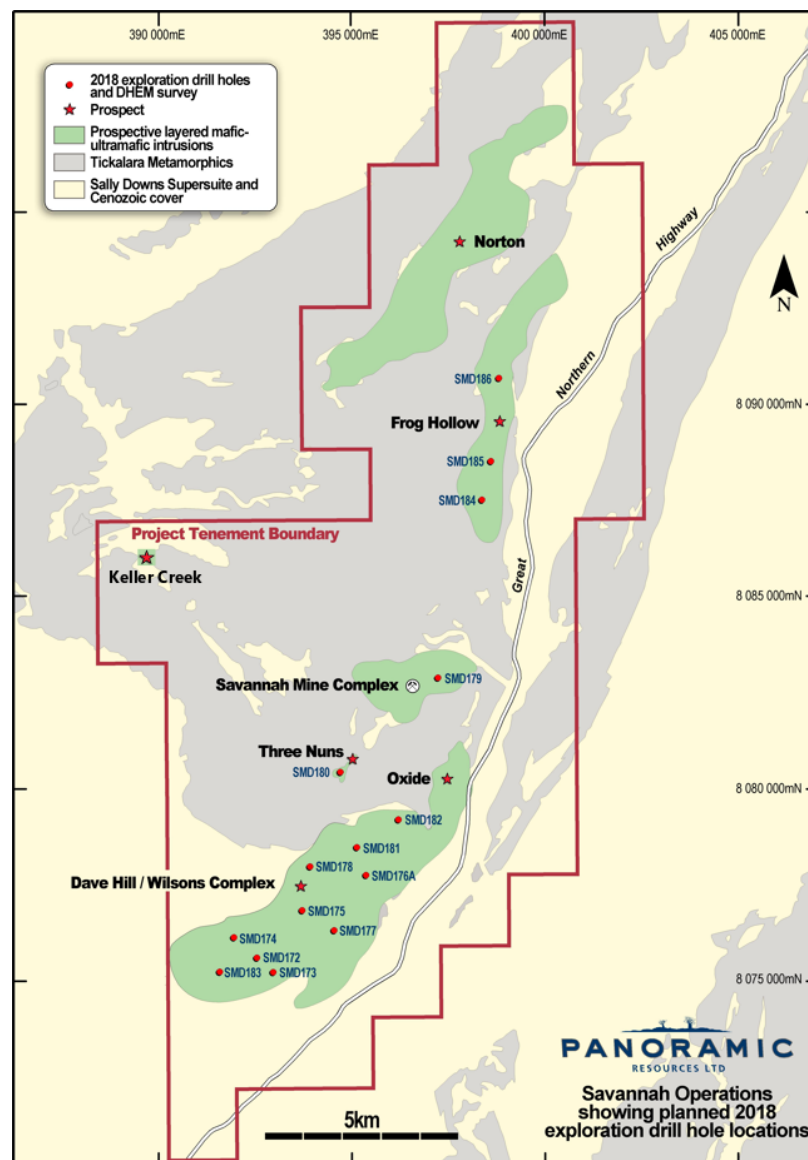
Total lateral development was 175m with vertical development of 21m. The first stope production from Savannah North 1381 level extracted approximately 3,000t. This ore was processed during the quarter, with excellent recoveries as shown in table 1.

Development of a planned 500m long mid-raise access to connect with and finish the Savannah North surface ventilation raise development had progressed 60m at the time of suspension. Once completed, this access drive will establish a platform well above the zone of instability from which the reaming can resume to complete excavation of the remaining 354m to surface. Resumption of underground development to complete the raise is expected to commence quartering August 2020, with negotiations with Barmenco well advanced.

Savannah Regional Exploration

Preparation is advancing for expected drilling in the September quarter at the Oxide and Norton targets, both located within 15km of the Savannah processing plant. Neither target has been subject to any effective drill testing. Oxide and Norton are two of a number of mafic/ultramafic intrusive bodies which occur at the Savannah. CSIRO age dating indicates these are part of the same magmatic event as the Savannah and Savannah North mineralised bodies. The CSIRO studies are ongoing to better understand and help prioritise exploration on these surrounding intrusions.

Diamond drilling from the surface is expected to commence at the Oxide target in August 2020.



PGM – Thunder Bay North Project

As advised on 15 May, the Company's wholly owned subsidiary, Magma Metals Pty Ltd (**Magma**), has completed the sale of all the shares in Panoramic PGMs (Canada) Limited (**PAN PGMs**) to Clean Air Metals Inc. (formerly Regency Gold Corp. (NEX:RAU.H) (**Clean Air Metals**).

Under the share purchase agreement announced on 6 January 2020, the purchase price comprised total cash consideration of C\$9.0 million. A deposit of C\$250,000 was received on execution of the agreement. A further C\$4,250,000 was received on closing, with C\$2,250,000 of that to be held in trust by Panoramic's Canadian lawyers pending receipt of a Clearance Certificate as required under the Income Tax Act (Canada).

Deferred consideration of C\$4.5 million is due in three equal instalments on the first, second and third anniversaries of the completion of the sale.

Magma has secured the deferred consideration payments by way of a general security agreement over all of the assets of PAN PGMs, including the Thunder Bay North Project, and a first ranking charge over the shares held by Clean Air Metals in PAN PGMs.

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.

A technical review of the Project conducted in the second half of 2019 by the Company concluded that while the addition of the chromite concentrate stream (in addition to the high-grade PGM concentrate) adds value to the Project, underground mining is currently marginal due to the narrow nature of the ore and associated higher capital development costs. It was assessed that a smaller open pit only Project lasting three years was slightly more attractive, especially at the current record high Palladium prices. The Company is currently reviewing options for the Project following the outcomes of the 2019 Panton Project review.

Research being conducted by Curtin University, supported by Panoramic and the State Government through the Minerals Research Institute of Western Australia, was recognised by WA Minister for Mines and Petroleum Bill Johnston MLA on 13 July 2020. The research is designed to lower the cost of platinum extraction and eliminate the use of salt in the process.

Corporate

Equity Raising

Panoramic recently undertook an underwritten institutional placement (**Placement**) and a 1.15 for 1 underwritten entitlement offer (**Entitlement Offer**) at a price of \$0.07 per share raising approximately \$90.1 million (before costs).

A total of 410,182,572 shares were issued under the Placement, which completed on 27 May, raising proceeds of approximately \$28.7 million. Under the institutional component of the Entitlement Offer (and associated shortfall), a total of 331,811,671 shares were issued raising proceeds of approximately \$23.2 million. A total of 545,789,392 shares were issued under the retail component of the Entitlement Offer (and associated shortfall) raising approximately \$38.2 million.

Western Areas Limited (ASX: WSA) has an interest of 19.9% in the Company's fully paid ordinary shares as a result of its participation as a cornerstone in the Placement and its participation as a sub-underwriter in the retail component of the Entitlement Offer.

Funds raised through the Placement and Entitlement Offer are to be applied to

- repay all monies owed under the senior debt facility
- repay all monies owed under the subordinated debt facility
- general working capital purposes and offer costs
- suspension, care and maintenance costs (initial and ongoing)
- certain development activities at Savannah; and
- certain exploration activities.

General Meeting of Shareholders

The Company held a General Meeting of shareholders on 29 June during which all four resolutions proposed were approved by shareholders. Refer to ASX Announcements dated 22 May and 29 June for details.

Sale of Horizon Gold Shareholding

As previously advised on 30 March, Panoramic agreed to sell its remaining 18,797,580 shares in Horizon to sophisticated and professional investors at \$0.20 per share, including 17,183,580 shares to Zeta.

The sale of the second tranche of shares to Zeta was subject to Panoramic shareholder approval, which was obtained in the General Meeting held on 29 June.

The proceeds from sale of approximately A\$3.5 million were received early in July.

Following completion of the handover of executive leadership and support function, the Management Agreement between Panoramic and Horizon was terminated on 30 April 2020.

Group Cash

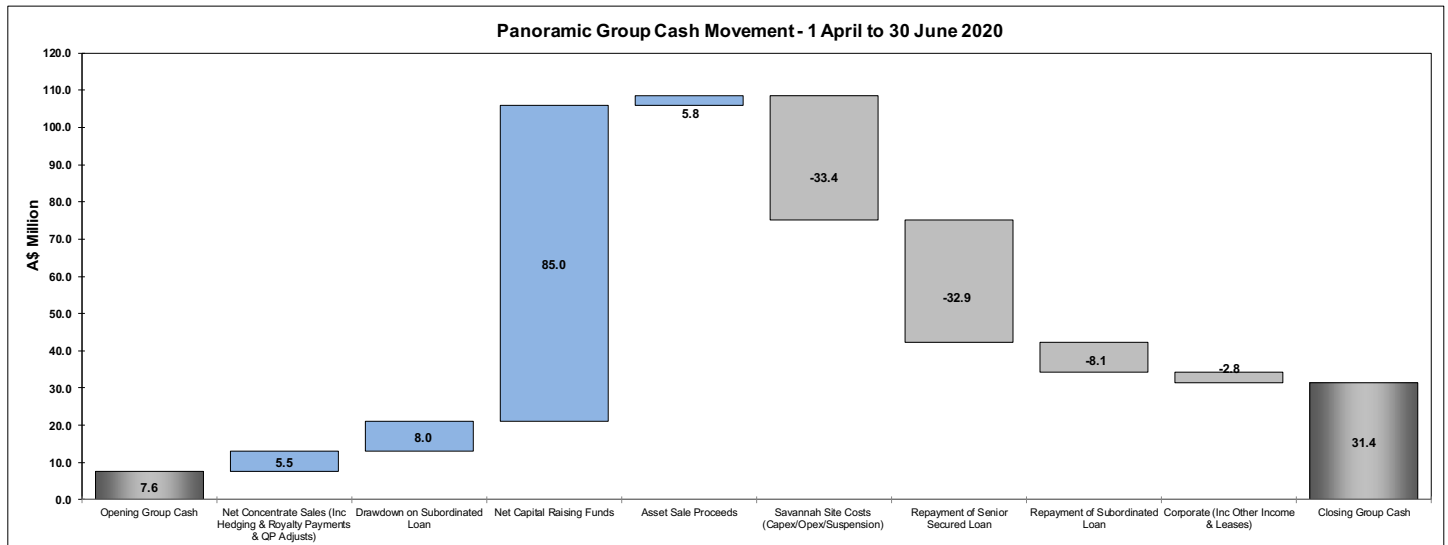
Group Cash (available and restricted (\$250K)) as at 30 June 2020 totaled \$31.4 million. The movement in the cash position during the quarter included the following items:

Inflows

- \$5.5 million net revenue from nickel concentrate sales and QP adjustments;
- \$8.0 million from drawdown of subordinated loan facility;
- \$85.0 million in proceeds (after costs) from the placement and entitlement offer; and
- \$2.5 million in assets sales including \$2.2 million in sale proceeds for Thunder Bay received to quarter end (refer Thunder Bay comments above).

Outflows

- \$32.5 million to full repay the outstanding monies owed in relation to the senior debt facility (refer below);
- \$8.1 million to fully repay the outstanding monies owed in relation to the subordinated debt facility (refer below);
- \$33.4 million on Savannah site costs (capital/operating/resource definition drilling/suspension costs); and
- \$2.8 million on corporate and finance lease costs.



Senior Debt facility

Panoramic has fully repaid all monies owed under the senior debt facility with Macquarie Bank Limited (**Macquarie**). Approximately A\$7.5 million was repaid in May from the proceeds account held with Macquarie, which predominately constituted the proceeds received from the April shipment of Savannah nickel concentrate. The remaining approximately \$25.0 million was repaid in June from the proceeds of the recently completed placement and institutional entitlement offer.

Zeta Bridging Loan

As previously announced on 3 April, major shareholder Zeta Resources Limited (ASX: ZER) provided an unsecured loan of \$8.0 million for activities at the Savannah Project and working capital. All monies owing under the facility were repaid in June from the proceeds of the recently completed placement and institutional entitlement offer.

Under the terms of the facility agreement as part of the consideration for the low interest rate facility, 28,520,525 Panoramic options (each option exercisable at A\$0.16 and expiring on 20 June 2023) were issued to Zeta following shareholder approval at the General Meeting on 29 June.

Forward looking statements

This report 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 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.

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

For further information contact:
Victor Rajasooriar, Managing Director & CEO
+61 8 6266 8600

Media inquiries:
Michael Vaughan, Fivemark Partners
+61 422 602 720