

30 July 2019

Quarterly Report for the period ending 30 June 2019

Significant Points

NICKEL

Savannah

- Safety – Lost Time Injury Frequency Rate (LTIFR) of 7.2 at the end of the quarter, no Lost Time Injuries reported
- Concentrate shipments – three concentrate shipments from Wyndham port, aggregate provisional invoice value of A\$23.6 million
- Mining – production and development rates improved
- Equipment availability – mobile fleet availability has improved
- Processing – average nickel recovery during of 84.8% compared to previous quarter of 71.4%
- Metal production – 1,518t Ni, 814t Cu and 80t Co contained in concentrate
- Savannah North decline access development – advancement rates have improved following the commencement of contractor
- Savannah North ventilation rise – reaming rates improved in July, scheduled completion date is now late in March 2020 quarter

GOLD

Gum Creek (51% Indirect)

- Zinc - good progress on defining the foot print of Zn-Cu-Ag mineralisation at the Altair Prospect, strike length now ~8 kms
- Gold - evaluation studies underway on the Swan and Swift free milling Resources

PGMs

Panton

- Project review underway
- Metallurgical studies into the viability of producing a PGM concentrate and a chromite by-product stream completed

Thunder Bay North (TBN)

- Binding Letter Agreement signed with Benton Resources Inc to sell TBN Project for C\$9 million

CORPORATE

- Group Cash - \$26.6 million in available and restricted cash
- Capital Raising - \$16.8 million after costs received from 1 for 13 Pro-Rata Rights Issue and Conditional Placement to Zeta, both priced at 38c per share
- Lanfranchi Sale – deferred consideration of \$1.5 million received earlier than expected

Nickel – Savannah Project

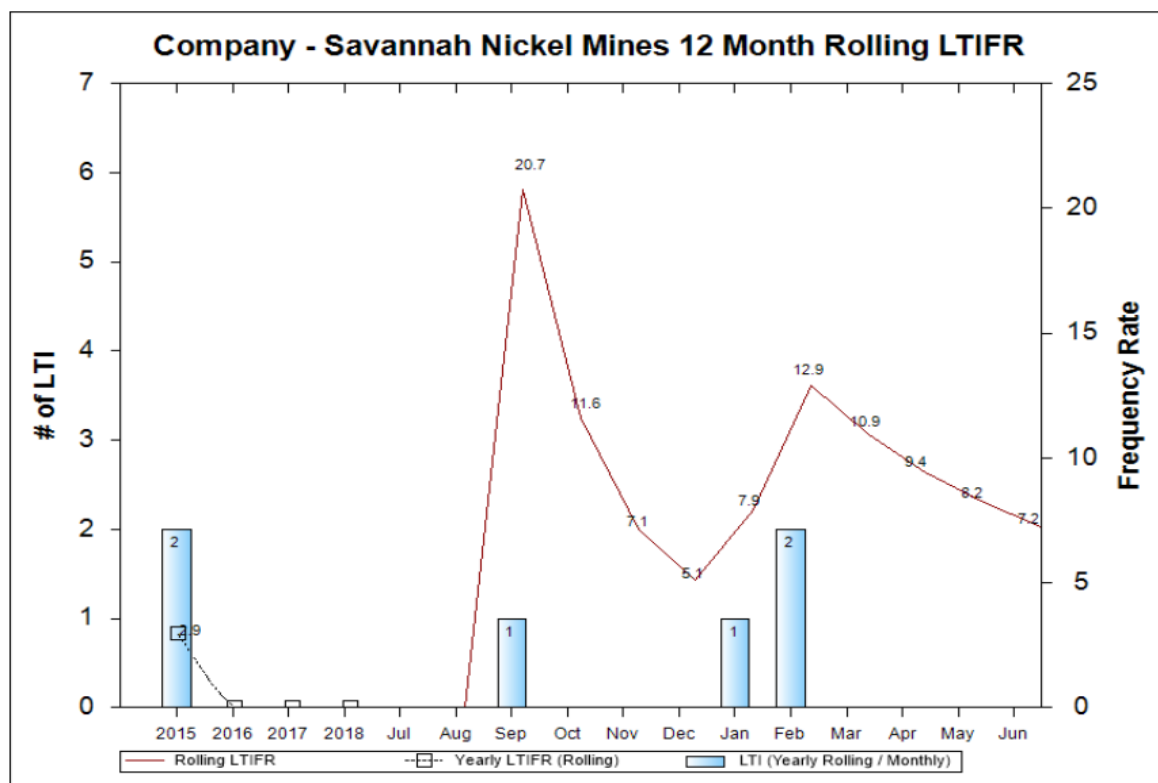
Safety

The Savannah 12 month rolling average Lost Time Injury Frequency Rate (LTIFR) as at 30 June 2019 was 7.2 (*Figure 1*). There were no Lost Time Injuries (LTIs) recorded during the quarter. This result is a marked improvement in the site's safety performance in comparison to the previous quarter.

There has been a significant focus on safety at site, including a trial in the underground mine relating to the identification of major hazards. Following on from some significant incidents and resulting injuries in the previous quarter, there has been greater leadership presence in the workplace, which included the re-enforcement of standards regarding the use of personal risk management tools (SHED) while performing assigned tasks and duties.

The Savannah Emergency Response Team (ERT) continued its accredited training with the team conducting first aid, road crash rescue and rope training. In late June, the ERT responded to a traffic collision which occurred nearby on the main northern highway, which involved the rollover of a caravan. The team members conducted themselves admirably whilst working alongside the local police and assisted a male driver who was luckily found uninjured.

Figure 1 – Savannah Project 12 month Rolling LTIFR as at 30 June 2019



Environment

An environmental audit across the site was carried out in April following a diesel spill in the heavy vehicle refuelling bay that was reported to the WA Department of Water and Environmental Regulation (DWER). The findings of the audit were communicated to all site departmental managers and the procedure to contain hydrocarbon spills in bunded areas has been modified. During the quarter, the site was maintained within all statutory, regulatory and licence conditions.

Operating Statistics

In the June 2019 quarter, the Savannah Project produced 1,518t Ni, 814t Cu and 80t Co contained in concentrate. Three concentrate shipments departed Wyndham containing an aggregate 1,471t Ni, 731t Cu and 78t Co, with a total provisional value of A\$23.6 million.

Table 1 – Savannah Project Operating Statistics

Area	Details	Units	3 mths ending 30 June 2019	3 mths ending 31 Mar 2019	2018/19 YTD
Mining	Ore mined	dmt	141,613	108,459	281,817
	Ni grade	%	1.27	1.07	1.17
	Ni metal contained	dmt	1,797	1,163	2,290
	Cu grade	%	0.61	0.56	0.60
	Co grade	%	0.06	0.05	0.06
Milling	Ore milled	dmt	140,806	122,463	276,039
	Ni grade	%	1.27	1.06	1.16
	Cu grade	%	0.64	0.58	0.60
	Co grade	%	0.06	0.05	0.06
	Ni Recovery	%	84.8	71.4	77.8
	Cu Recovery	%	91.1	87.3	89.0
	Co Recovery	%	88.2	73.6	81.8
Concentrate Production	Concentrate	dmt	21,591	13,294	35,608
	Ni grade	%	7.03	6.96	6.98
	Ni metal contained	dmt	1,518	926	2,484
	Cu grade	%	3.77	4.70	4.14
	Cu metal contained	dmt	814	625	1,474
	Co grade	%	0.37	0.36	0.36
	Co metal contained	dmt	80	48	130
Concentrate Shipments	Concentrate	dmt	21,467	12,754	34,222
	Ni grade	%	6.85	6.95	6.89
	Ni metal contained	dmt	1,471	886	2,357
	Cu grade	%	3.40	4.70	3.89
	Cu metal contained	dmt	731	600	1,331
	Co grade	%	0.36	0.36	0.36
	Co metal contained	dmt	78	47	125

At 30 June 2019, 1,310wmt of concentrate was on hand valued at \$1.5 million.

Payable Cash Costs

Table 2 – Savannah Project Payable Cash Costs

	Units	Savannah 3mths ending 30 June 2019
Costs Per Pound Payable Nickel		
Mining	A\$ per lb	4.58
Milling	A\$ per lb	2.28
Administration	A\$ per lb	2.19
Payable Operating Cash Costs (Mine Gate)	A\$ per lb	9.05
Haulage	A\$ per lb	0.16
Port Charges/Shipping	A\$ per lb	0.80
Net By-product Credits	A\$ per lb	(2.21)
Royalties	A\$ per lb	0.49
Total Payable Operating Cash Costs^(a)	A\$ per lb	8.29
Total Payable Operating Cash Costs^(b)	US\$ per lb	5.80

(a) Savannah capital development cash cost for the quarter was A\$2.81/lb. This cost is not included in Table 1. Capital development costs represent capitalised mining cash costs for deposits in production, being the Savannah deposit. These costs do not include the pre-production costs incurred on the Savannah North deposit.

(b) Average April - June 2019 RBA A\$:US\$ FX settlement rate of US\$0.6999.

Mining

A total of 141,613t of ore was mined in the quarter, an increase of 31% quarter-on-quarter but still below budget. The mined average nickel grade of 1.27%, which was up 19% quarter-on-quarter. Production and development rates were adversely impacted by the need to undertake additional rehabilitation of some secondary stopes, the bridging of a stope in May and poor availability of paste underground in early June. Despite these issues, total lateral development (including Savannah North development) for the quarter was 869m compared to 628m for the previous quarter, a 38% improvement.

The overall performance of the mobile fleet improved over the quarter with the main improvement coming from the loader fleet following the rectification by the manufacturer of a brake issue on the two new CAT 2900 loaders (*Photo 1*). Trucking rates are expected to improve with the recent delivery of a second new 65t Epiroc truck in mid-July.

Processing

Mill throughput increased over the quarter with 140,806t ore processed, up 15% on the previous quarter. Notwithstanding the improvements made, concentrate production was still below plan. The mill produced 21,591t concentrate containing 1,518t Ni, 814t Cu and 80t Co. Pleasingly, nickel recovery averaged ~85% in the quarter, which was on budget.

Plant performance and reliability has continued to improve and has benefited from the higher milled head grades and increased plant availability/lower down time hours. Both plant operational and metallurgical stability has improved, but further improvements are in hand.

The focus over the next quarter is to work through the remaining flotation process issues and to increase the reliability of the crusher and concentrate filter press.

Savannah North Development

Total development on the Savannah North twin declines in the quarter was 206m against forecast development of approximately 500m.

Specialist mine services contractor, Pit N Portal, was mobilised to site in May 2019 to develop across to Savannah North using predominately Savannah's owned and maintained underground mobile equipment. In June, Pit N Portal had exceeded target advance by 50m.

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 in May 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 June, the raise bore had advanced 96m.

The ventilation rise is now 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.



Photo: New CAT 2900 Loader working underground

FY2020 Production Guidance and Outlook

The Savannah North twin declines are scheduled to reach the Savannah North orebody in September 2019, with first development ore to be treated in the mill during October 2019. Ore production from Savannah North will ramp-up and transition to stope ore from January 2020 with full production from Savannah North planned during the June 2020 quarter.

Savannah's production guidance for FY2020 has been set at 10,000-11,000t Ni contained, 6,000-6,500t Cu contained and 600-700t Co contained.

Hedging

Savannah did not add to its hedge book during the quarter.

As at 30 June 2019, the Savannah hedge book had a negative valuation ("out-of-the-money") of \$0.2 million, as summarised in Table 3.

Table 3: Savannah Hedge Book – A\$ Mark-to-Market Valuation as at 30 June 2019

Commodity	Mark-to-Market 30 June 2019	Mark-to-Market 31 Mar 2019
Nickel Forwards	\$0.6 million	(\$2.2 million)
Copper Forwards	(\$0.9 million)	(\$2.5 million)
Bought Nickel Put Options	\$0.1 million	\$0.5 million
Bought Diesel Call Options	-	\$0.1 million
Total Mark-to-Market	(\$0.2 million)	(\$4.1 million)

Table 4: Savannah Hedge Book – Delivery Profile as at 30 June 2019

Commodity	Quantity 30 June 2019	Average Price/Rate 30 June 2019
<u>Nickel</u> - Forwards (delivery Jul 2019-Dec 2021)	6,430t	A\$18,605/t A\$8.44/lb
Forwards (delivery Oct 2020-Sep 2021)	1,560t	A\$17,847/t A\$8.10/lb
Bought Put Options (delivery Jul 2019-Sep 2019)	1,319t	A\$16,500/t A\$7.48/lb
<u>Copper</u> - Forwards (delivery Jul 2019-Dec 2021)	2,636t	A\$8,179t A\$3.71/lb

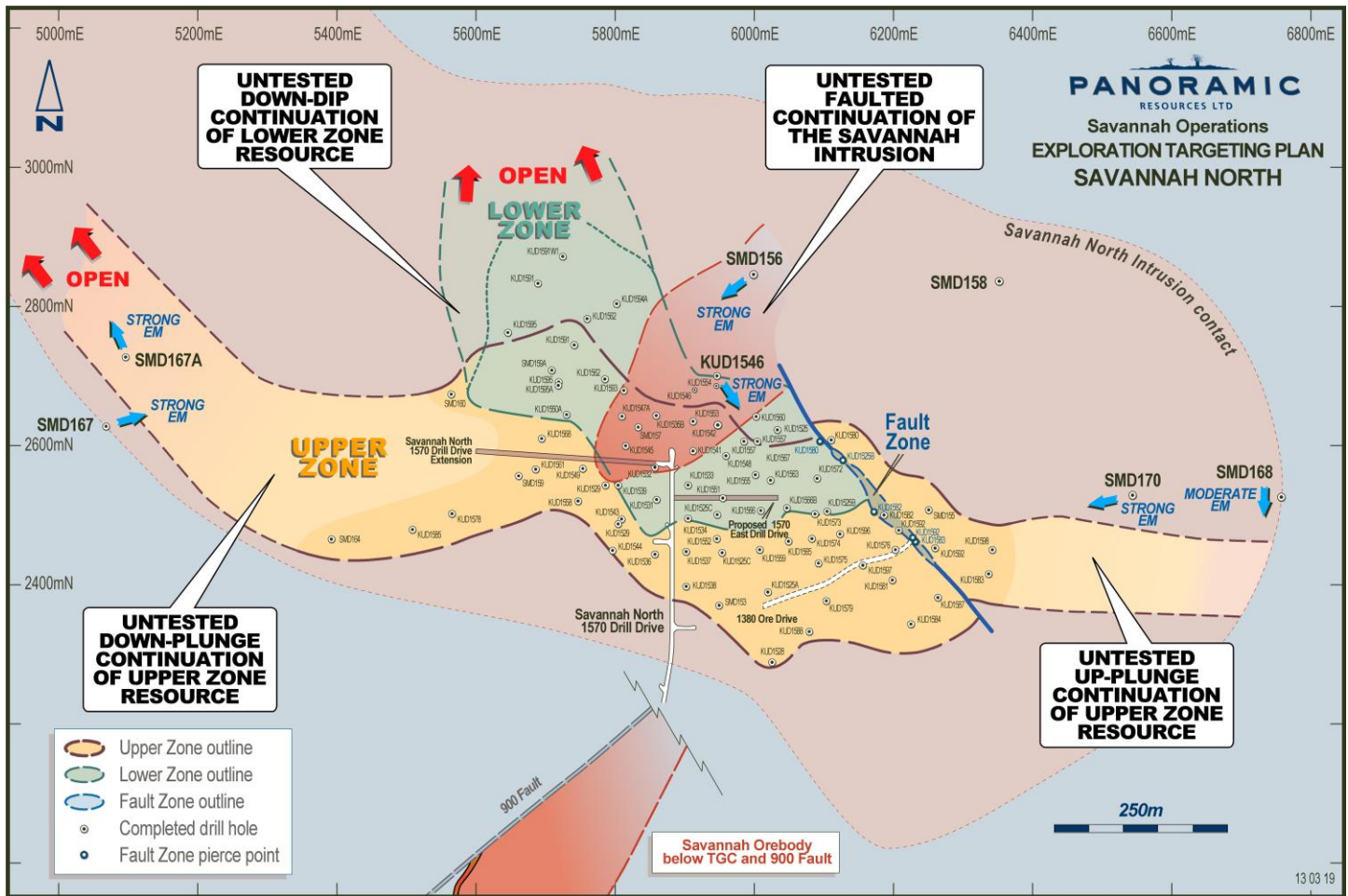
Savannah Exploration

Exploration activities were minimal during the quarter as the Company continued to focus on the Savannah re-start.

In June, two underground diamond drill rigs were mobilised to begin infill grade control drilling on the Savannah North deposit from the recently completed 1570 East Drill Drive (Figure 2). The initial grade control program focus will be the first three Savannah North production levels situated between 1350 mRL to 1390 mRL.

Once this drill phase has been completed, towards the end of the September 2019 quarter, it is planned to conduct additional exploration drilling into and east of the Fault Zone (Figure 2) where the up-plunge continuation of the Savannah North (Upper Zone) orebody has had limited testing.

Figure 2 – Savannah North Project Plan showing 1570 East Drill Drive and designed 1380 mRL production drive



Frog Hollow VTM Project

In the December 2018 and March 2019 Quarterly reports, the Company reported on the intersection of broad zones of vanadiferous titanomagnetite (VTM) accumulations in three drill holes at Frog Hollow (*Figure 3*). During the June 2019 quarter, the three Frog Hollow drill holes were sampled in their entirety and three zones of differing grade were selected from drill hole SMD185 to undergo wet high intensity magnetic separation (WHIMS) testing to determine the typical vanadium grade and recovery that can be achieved to a VTM concentrate using this relatively inexpensive magnetic separation technique. The composited three intervals selected for testing from SMD185 returned the following assay grades:

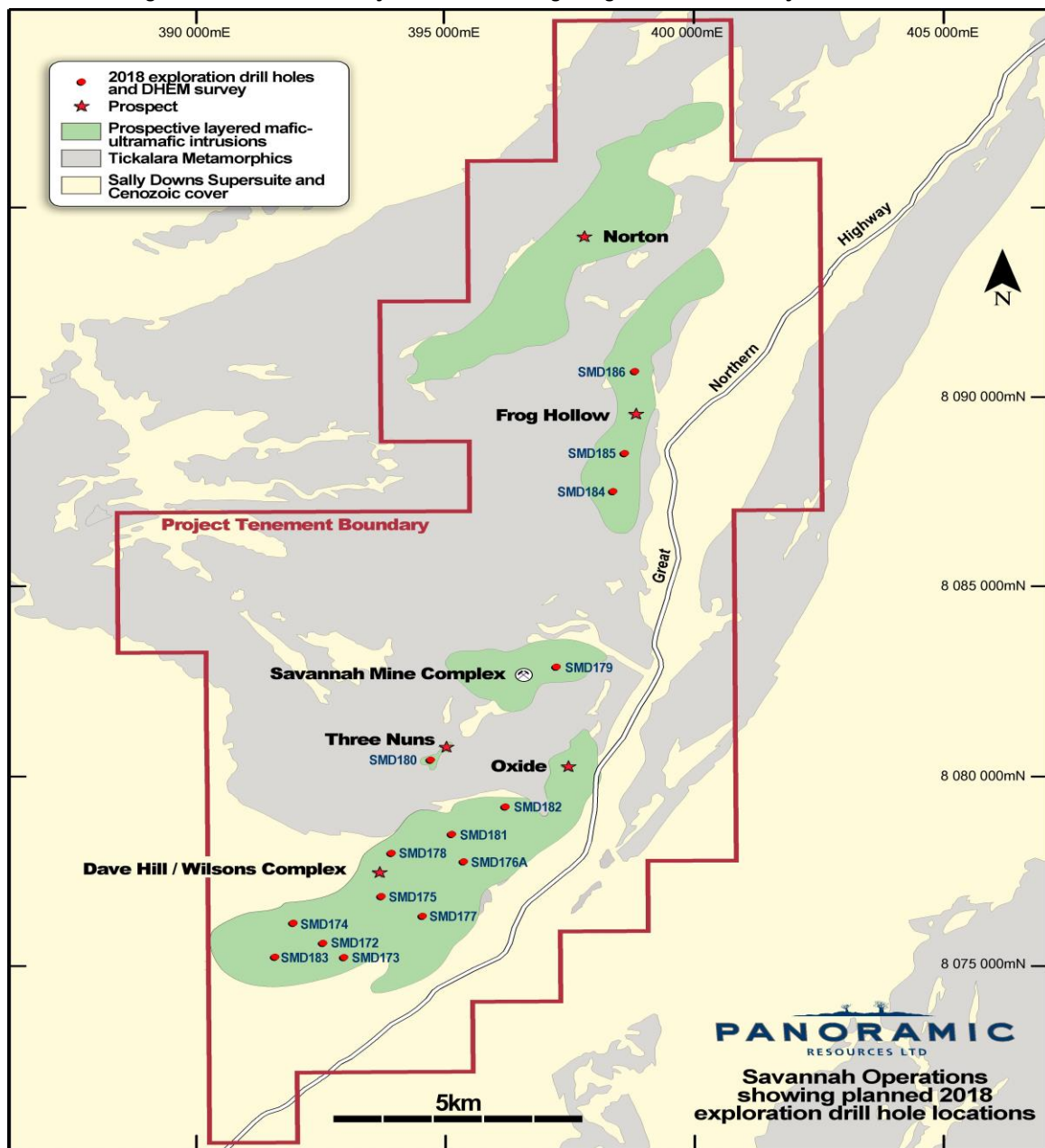
34m @ 0.36% V_2O_5 , 5.57% TiO_2 , 25.93% Fe_2O_3 from 19m;

45m @ 0.25% V_2O_5 , 3.06% TiO_2 , 17.73% Fe_2O_3 from 160m; and

53m @ 0.17% V_2O_5 , 3.66% TiO_2 , 15.40% Fe_2O_3 from 92m.

The next steps to progress the Frog Hollow VTM Project are currently being evaluated.

Figure 3 – Savannah Project Plan showing Frog Hollow VTM Project drill holes



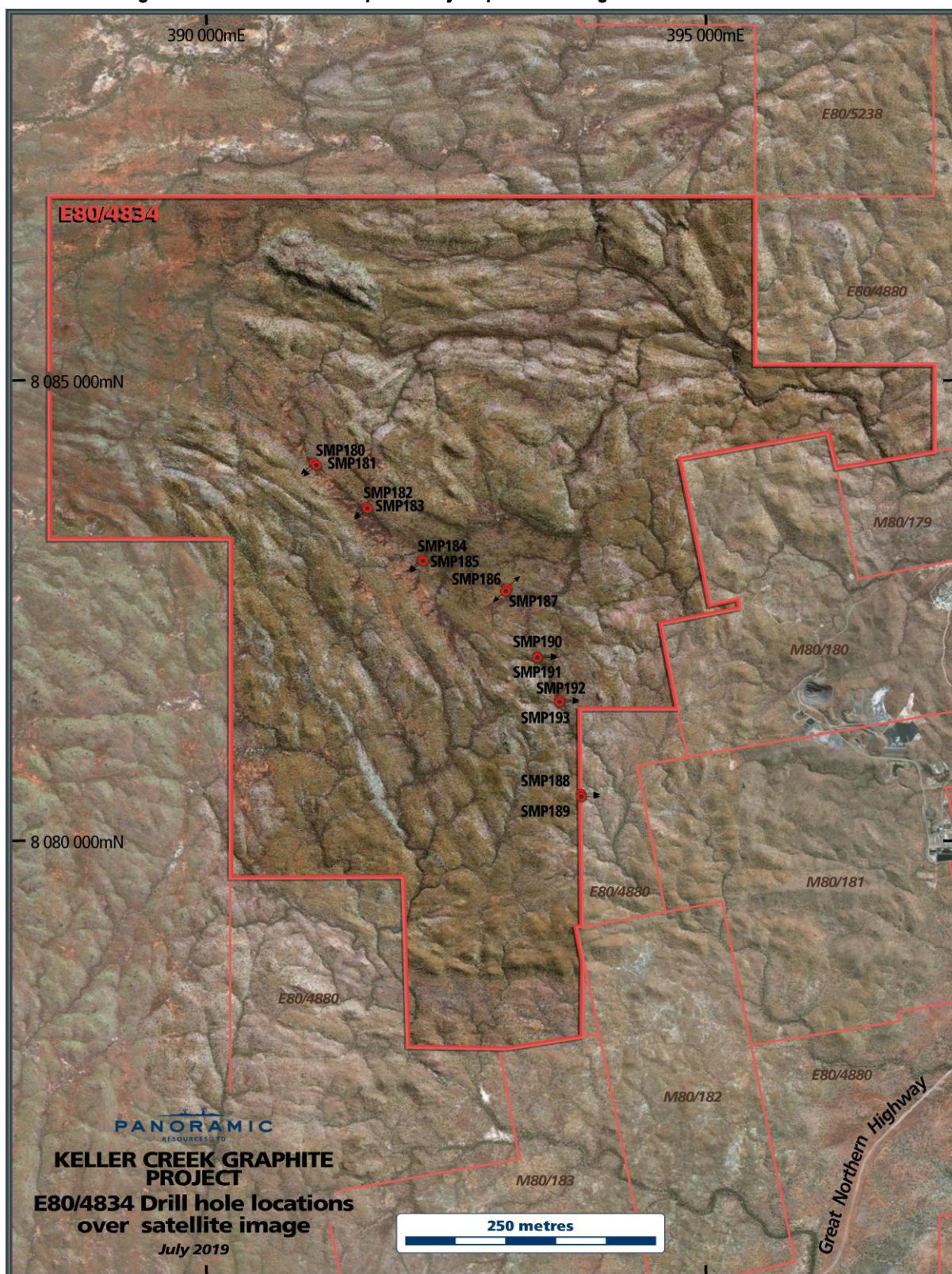
Keller Creek Graphite Project

The Keller Creek Graphite Project is located immediately to the west of Savannah on E80/4834 (Figure 4). Regional airborne electromagnetic surveys conducted in the past by the Company in search of nickel sulphide deposits, identified several large stratigraphic horizons of graphite bearing meta-sediments (Tickalara Metamorphics) across the Keller Creek tenement.

In June, the Company conducted a preliminary reverse circulation (RC) drill test of the main graphite bearing horizon over a strike length of approximately five kilometres. The program consisted of 14 RC drill holes for a total of 1,368 drill metres, with a total of 1,074 one-metre graphite bearing samples collected and submitted for assay. The aim of the program is to provide an indication of the thickness and Total Graphitic Carbon content of the graphite bearing horizon. In addition to the assay samples, representative RC chips were collected from each drill hole and submitted for mineralogical examination to determine the purity and average flake size of the graphite.

The assays from the RC program are to be received during the September 2019 quarter.

Figure 4 – Keller Creek Graphite Project plan showing recent drill hole locations



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.

With the palladium price at an all time high, during the quarter the Company was approached by Benton Resources Inc. to purchase the Project. In June, the Company accepted a purchase price of C\$9 million and a binding Letter Agreement was signed on 2 July 2019 (refer to the Company's ASX announcement of 2 July 2019).

Various conditions precedents are required to be satisfied before settlement can occur. The Company is expecting financial settlement early in the December 2019 quarter.

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 mineralisation, 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% Cr₂O₃, 30.47% FeO, 8.68% MgO, 11.93% Al₂O₃ and 3.77% SiO₂. 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 direct Pt, Pd and Au refinery feed products from Panton while maintaining the ability to also produce an economic chromite by-product revenue stream.

The aim of the new test-work program was to determine if this innovative extraction and recovery method performs equally well on a high-grade PGE (flotation) concentrate as it did previously on run of mine ore samples. If the result 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 feed), enabling the direct production of more valuable Pt, Pd and Au refinery feed products, while maintaining the ability to produce a chromite by-product from the flotation tails. This Panton test-work phase is now largely complete and was successful on many fronts.

In May, the Company appointed Mr Len Jubber, a consulting mining engineer, to undertake a detailed review of the Project, bringing together all aspects of the Project (geology, resources, mining and processing) with the aim to produce a financial model based on the latest possible flow sheet designs and their respective operating and capital costs. The review will also identify where further test-work may be beneficial to the Project economics. Len is due to complete the review and present it to the Company during the September 2019 quarter.

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 30 June 2019 was approximately \$6.8 million.

Exploration and evaluation activities are ongoing at Gum Creek (*refer to Horizon's June 2019 quarterly report for further details*). Horizon has reported an increase in Mineral Resources as at 30 June 2019 and has made good progress on defining the foot print of zinc-copper-silver mineralisation at the Altair Prospect, while at the same time evaluating development opportunities on the Swan and Swift free-milling gold Resources. Under the October 2016 Management Agreement ("Agreement"), Panoramic staff are providing management services to Horizon on a cost recovery basis.

On 13 June 2019, the Company agreed with Horizon Gold to extend the Agreement on the same terms for a further six months, until 20 December 2019.

Corporate

Cash

Group Cash (available and restricted) as at 30 June 2019 totalled \$26.6 million.

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

Income

- \$23.5 million net revenue from nickel concentrate sales;
- \$1.5 million deferred consideration on the sale of the Lanfranchi Project, paid early by Black Mountain (*refer below*);
- \$16.8 million net proceeds from the pro-rata Rights Issue and Conditional Placement (*refer below*);

Expenditure

- \$33.0 million on Savannah site costs (capital/operating); and
- \$2.3 million on corporate and finance lease costs (net of other income).

Aggregate movements in the Group Cash balance over the quarter are shown in Figure 5.

At 30 June 2019, \$180K was cash-backed against the Company's performance bond facility.

Capital Raising

During the quarter, the Company received the following proceeds from the Capital Raising announced on 11 March 2019:

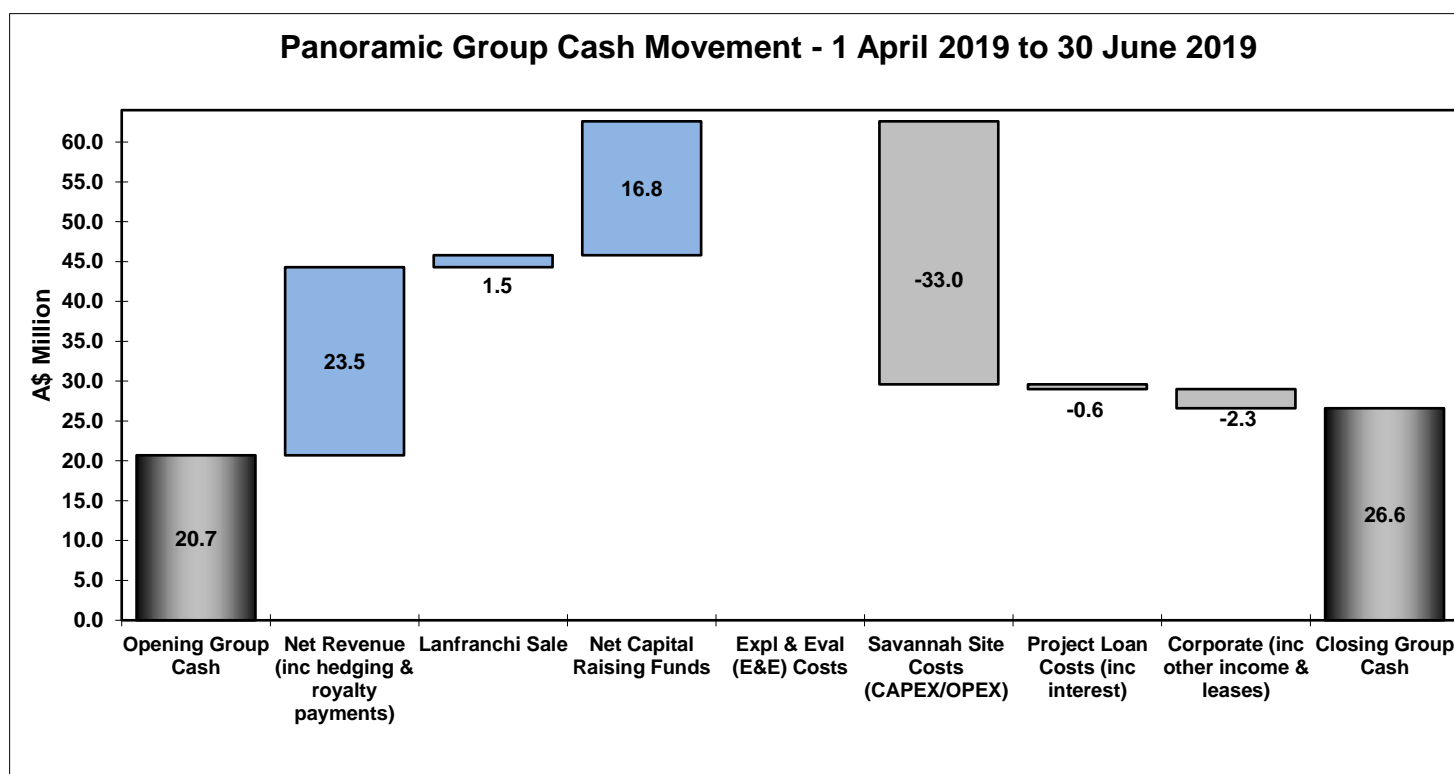
- April 2019: \$14.2 million after costs on the pro-rata renounceable 1 for 13 Rights Issue to eligible existing shareholders; and
- June 2019: \$2.6 million on the Conditional Placement to the Company's major shareholder, Zeta Resources Limited.

Deferred Consideration – Lanfranchi Project

Following the settlement of the sale of the Lanfranchi Project in December 2019 to a subsidiary of Black Mountain Metals LLC (“Black Mountain”), the Company was due to receive a deferred cash consideration of \$1.6 million to be paid in 12 equal monthly instalments, commencing from the date that was 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 was earlier.

In early June, the Company was approached by Black Mountain who offered to pay the deferred cash consideration early provided the amount payable was reduced to \$1.5 million. The Company accepted Black Mountain’s offer and received the amount before the end of the month.

Figure 5 – Panoramic Group Cash Movement (June 2019 Quarter)



Director Retirement

Long serving non-executive director Mr John Rowe retired from the Panoramic Board on 30 June 2019. An exceptional and experienced geologist, John was involved with the Company during the period when significant nickel discoveries were made at Lanfranchi and Savannah. His wise counsel will be sorely missed.

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.

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.

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.

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. Growth options for the Company include developing existing resources, discovering new ore bodies and acquiring additional projects.

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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.