

## Lanfranchi Operational Update

### Key Points

- **Production from Deacon orebody suspended**
- **Production from Lanfranchi orebody continuing**
- **Development of Lower Schmitz drill drive and return airway continuing**
- **Lower Schmitz Resource drilling remains on track to commence during the December 2015 quarter**

### Background

As advised in the Company's June 2015 Quarterly Report, on 29 July 2015 the Lanfranchi operations experienced a magnitude 2.3 seismic event in the vicinity of the Deacon orebody.

Company personnel and geotechnical consultants have since carried out a detailed underground inspection and geotechnical assessment. While no damage of consequence was detected to the Deacon decline or production drives, given the limited ore remaining in Deacon, the prevailing \$A nickel price and the geotechnical assessment, the Company has decided to suspend production from Deacon. This decision has necessitated changes to the original FY2016 Lanfranchi Operating Plan.

### Revised FY2016 Operating Plan

In early July 2015, the nickel price dropped to below US\$5.00/lb, around which level mining Deacon and Jury-Metcalf are marginal (assuming an A\$:US\$ FX rate of US\$0.73). While it is still planned to access and drill the Lower Schmitz Resource, further weakness in the A\$ nickel price may necessitate a further review of activities. The basis of the Lanfranchi operation, effective 3 August 2015, will now be as follows:

- Production from the Lanfranchi orebody, by airleg mining, to continue together with development activities to establish access to Lower Schmitz, specifically the Lower Schmitz drill drive and the return airway;
- Deacon and the relatively low grade Jury-Metcalf production suspended; and
- Revised Lanfranchi production guidance for the first half of FY2016 to be provided when schedules have been finalised.

### Workforce

Changes to the FY2016 Operating Plan have resulted in a rationalisation of the Lanfranchi workforce, with approximately 50% of the workforce retained either at Lanfranchi or transferred to Savannah. Regrettably, the balance of the workforce was made redundant on Sunday, 2 August 2015.

### Lower Schmitz

With the Company's plans to access and develop the Lower Schmitz discovery remaining unchanged, it is anticipated the drill drive will be completed in late September 2015. The Lower Schmitz Resource drill program will then be undertaken in the December 2015 quarter as planned, and the release of the maiden Lower Schmitz Resource and Reserve is targeted for delivery late in the December 2015 quarter.

Subject to a Lower Schmitz Resource and Reserve being defined, a favourable A\$ nickel price and a Board decision to commence mining, the ramp up of production from Lower Schmitz could occur in the March 2016 quarter, as previously advised.

The Company is reviewing the FY2016 Group Consolidated Budget that was prepared in June 2016, including the US\$ nickel price and A\$:US\$ FX rate assumptions, operating plans for both Lanfranchi and Savannah, exploration expenditure and all other costs. This review will result in the preparation of a revised FY2016 Group Consolidated Budget, which will be completed within the next three weeks.

## Thank you

The Company would like to thank all Lanfranchi employees for their commitment and dedication. The great team at Lanfranchi has made an enormous contribution to the success of the Company since mining recommenced at Lanfranchi in 2005.

## 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.

Following the successful development of the nickel projects, the Company diversified its resource base to include gold and platinum group metals (PGM). The Gold Division consists of the Gidgee Project located near Wiluna. The Company announced on 31 July 2015 that it had sold its interest in the Mt Henry Project to Metals X Limited. 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 up to 70% in the project by spending up to C\$20 million over five years.

Panoramic has been a consistent dividend payer and has paid out a total of \$114.3 million in fully franked dividends since 2008. At 30 June 2015, Panoramic had \$54 million in cash and no bank debt.

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:  
Peter Harold, Managing Director  
+61 8 6266 8600**