

Update on Savannah, Savannah North and Gidgee

Key Points

- **Savannah** – updated production schedule has operations producing until mid-May 2016
- **Savannah North** – work continues on the Savannah North Feasibility Study and combining the remaining Savannah Mining Inventory into a Restart Plan incorporating Savannah and Savannah North
- **Gidgee** – work on review and optimisation of the 2012 Gidgee Scoping Study is nearing completion, new interest from potential buyers following recent A\$ gold price rally
- **Exploration** – two underground rigs mobilised to Savannah to infill existing Savannah North Resource and test potential east and west extensions

Savannah Update

Following the decision to move the Savannah Operations onto care and maintenance due to the low US\$ nickel price (*refer to the Company's ASX announcement of 27 January 2016*), work on site has been focused on the following activities:

- Operating efficiently and safely and maximising ore production and mill throughput;
- Finalising the production schedule until care and maintenance;
- Discussions with key stakeholders;
- Completion of mining at Copernicus;
- Care and maintenance planning and costing; and
- Restart planning.

Production Forecast

Based on processing all the Copernicus ore currently stockpiled and the requirement to blend Copernicus ore with Savannah ore, the operations will continue processing ore until mid-May 2016, with the last shipment of concentrate expected to depart Wyndham in the second half of May. A shipment of 10,500wmt of concentrate containing approximately 740t Ni (provisional assay basis) was completed this week and the forecast is for an additional **32-35,000dmt of concentrate containing 2,400-2,700t Ni** to be produced and shipped prior to the operations moving onto care and maintenance during May.

Restart Plan

The remaining Mining Inventory at Savannah, after the operations are placed onto care and maintenance, is estimated to be approximately **1.3Mt at 1.2% Ni for 15,600t Ni**. This Mining Inventory can be readily accessed with little or no new capital development. The Mining Inventory is conservative and excludes any mineralisation below the 900 Fault and various lower grade stopes which would be economic to mine at higher nickel prices.

The plan is now to complete the Feasibility Study on Savannah North and undertake additional exploration activities to further test the strike and width dimensions of Savannah North and potentially grow the Resource base. When a decision is made to restart Savannah, it would most likely be in conjunction with the development of Savannah North. The Company believes that the free cash flow generated from the ore remaining in the Savannah orebody could underpin all or part of the Savannah North capital investment.

Estimated costs to place Savannah Project onto Care and Maintenance

The net cost to place Savannah onto care and maintenance will depend on revenue received from production until mid-May and the ability to run down inventories of consumables and extinguish outstanding creditors over that period. The remaining employee redundancy costs to place the Savannah site onto care and maintenance are approximately \$8.6 million.

Savannah North Scoping Study

As previously reported (refer to the Company's ASX announcement of 27 January 2016), the Savannah North Scoping Study demonstrates there is potential to add significant mine life at Savannah through the development of Savannah North. The key physicals from the Savannah North Scoping Study are summarised in Table 1.

Table 1 – Savannah North - Resource and Production Summary

Operating Metric	Result
Mineral Resource	6.88Mt @ 1.59%Ni, 0.77% Cu, 0.11% Co containing 109,600t Ni, 52,900t Cu, 7,800t Co
Mining Inventory	6.07Mt @ 1.26% Ni, 0.64% Cu, 0.09% Co containing 76,500t Ni, 38,600t Cu, 5,300t Co
Mine Life	7.75 years
Life-of-mine production (metal in concentrate)	66,200t Ni, 36,700t Cu, 5,000t Co
Annual production (metal in concentrate)	9,500tpa Ni, 5,300tpa Cu, 700t Co at full production

All material assumptions underpinning the production target and forecast financial information derived from the production target, in the Company's ASX announcement of 27 January 2016, continue to apply and have not materially changed.

The Scoping Study is based on mining Savannah North via conventional long-hole open stoping with paste fill, processing the ore through the existing Savannah plant to produce a bulk nickel/copper/cobalt concentrate. The Scoping Study demonstrates a relatively low initial capital investment of \$42 million to achieve full production (on a stand-alone basis), by utilising the existing mine, processing plant and supporting infrastructure of the Savannah operation. Forecast average C1 cash costs (nickel-in-concentrate after by-product credits) are in the lower end of the industry cost curve at US\$2.20/lb Ni over the life of the project. Table 2 summarises the financial outcomes of the Scoping Study at various US\$ nickel prices and a flat US\$:A\$ 0.70 exchange rate.

Table 2 – Savannah North - Financial summary for a range of US\$ nickel prices (US\$:A\$ = 0.70)

Financial Metric	Units	US\$5.00/lb	US\$6.00/lb	US\$7.00/lb	US\$8.00/lb
Revenue	A\$M	892	1,032	1,179	1,319
Initial Capital (Pre-production and ramp-up)	A\$M	42	42	42	42
LOM Capital (inclusive of initial capital)	A\$M	137	137	137	137
Operating costs plus royalties	A\$M	700	708	715	722
Pre-tax cashflow	A\$M	54	187	327	460
Pre-tax NPV (11% discount rate)	A\$M	6	80	158	232
IRR	%	14	47	82	118
C1 cash cost (Ni in concentrate basis)	A\$/lb Ni	3.14	3.14	3.14	3.14
	US\$/lb	2.20	2.20	2.20	2.20
Payable Ni cash costs	A\$/lb Ni	5.19	5.26	5.29	5.36
	US\$/lb	3.63	3.68	3.70	3.75

Cautionary Statement

The Scoping Study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

Panoramic is targeting the completion of a Feasibility Study on Savannah North during the December 2016 quarter.

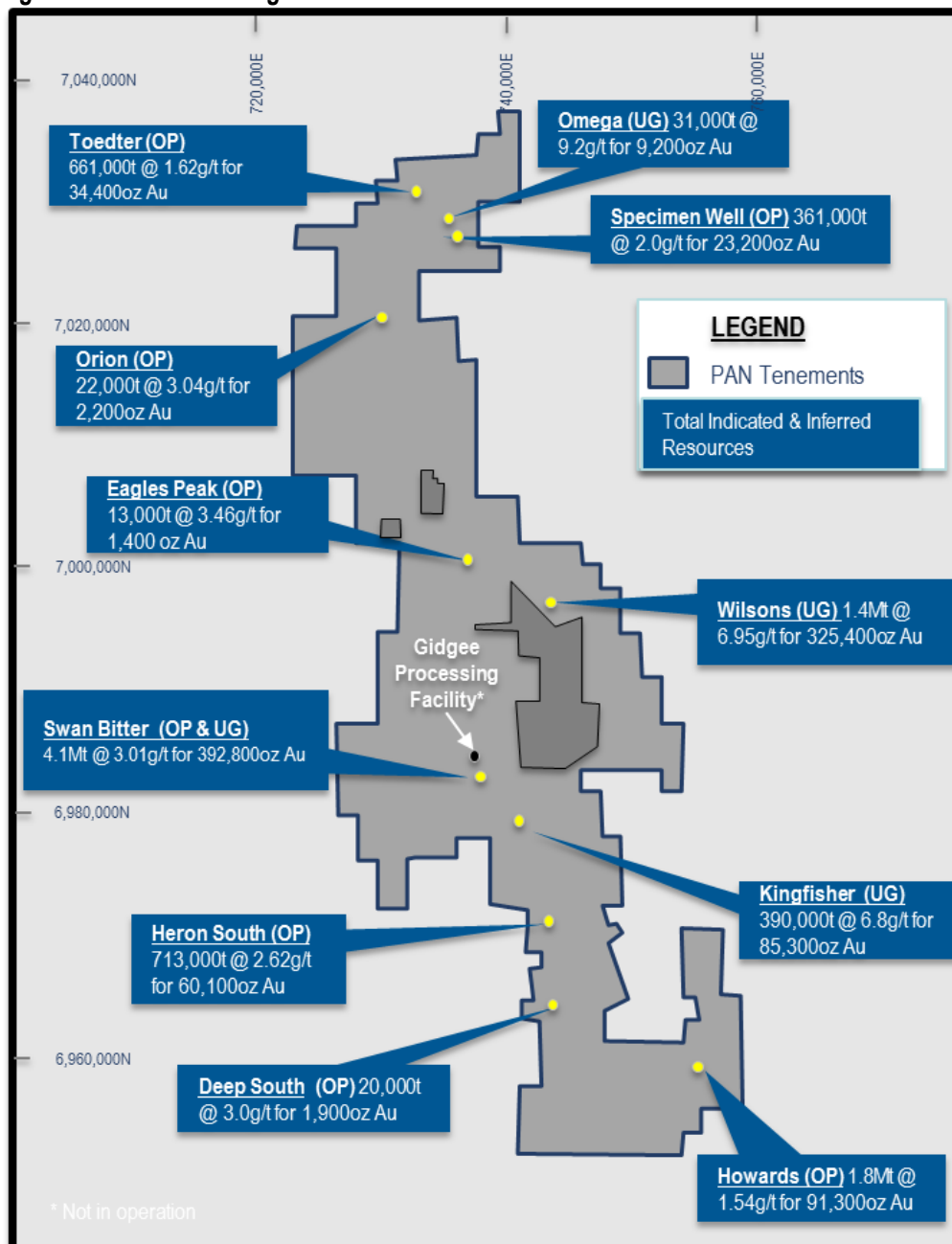
Gidgee Gold Project

There has been renewed interest in the Gidgee Gold Project from potential buyers over the past few weeks. New parties have signed Confidentiality Agreements and selected parties have been provided access to the Project data room. In addition, with the A\$ gold price rising above A\$1,700/oz and the renewed interest in gold equities and development-ready projects in Australia, the Company has recently commenced an update of the 2012 Gidgee Scoping Study.

Review of 2012 Gidgee Scoping Study

Since the release of the 2012 Gidgee Scoping Study, the Company has undertaken Resource drilling, metallurgical testwork, and has updated capital and operating cost estimates for a range of mining and processing scenarios. In response to the higher A\$ gold price and the lower capital and operating costs in the current market, the Company has commenced an update of the Gidgee Scoping Study. While a significant portion of the Scoping Study is considered to be of a Feasibility Study standard, the Study will be reported at a Scoping Study level. Further optimisation and detailed design will be required to upgrade the study to the Feasibility Study standard.

Figure 1 – Plan View Gidgee tenements and Gold Resources



* 600,000tpa processing facility not in operation

The Updated Scoping Study will include updated Resources following the FY2013 drilling program, along with updated capital and operating cost estimates for mining, processing and infrastructure. Some of the considerations of the Updated Scoping Study include:

- **Mining** – ore to be sourced from both open pit and underground in a staged start up to reduce pre-production capital and technical risk. Open pit mining costs are being requested by open pit contractors for optimisation of the open pit designs. The Wilsons underground project has been redesigned and costs have been updated based on the current market;
- **Processing** – both capital and operating costs are being re-estimated by a local engineering company. It is envisaged that both capital and operating costs will be considerably lower than the 2012 Scoping Study given the current depressed resources market and significantly lower fuel prices. Ore is assumed to be processed through a stand-alone plant, as opposed to refurbishment of the existing facilities, to minimise construction and operational risk; and
- **Infrastructure and Mobile Plant** – some unutilised infrastructure and mobile plant at Lanfranchi and Savannah is assumed to be relocated to reduce capital costs.

The Updated Gidgee Scoping Study is on track to be released during March 2016.

The Company will continue with the divestment process, however, if the new offers received are inadequate, the A\$ gold price continues to improve and/or the revised Scoping Study indicates that the Project has robust economics, the Company may decide to hold the asset and conduct more exploration and assess the potential development of the Project.

Exploration Activities

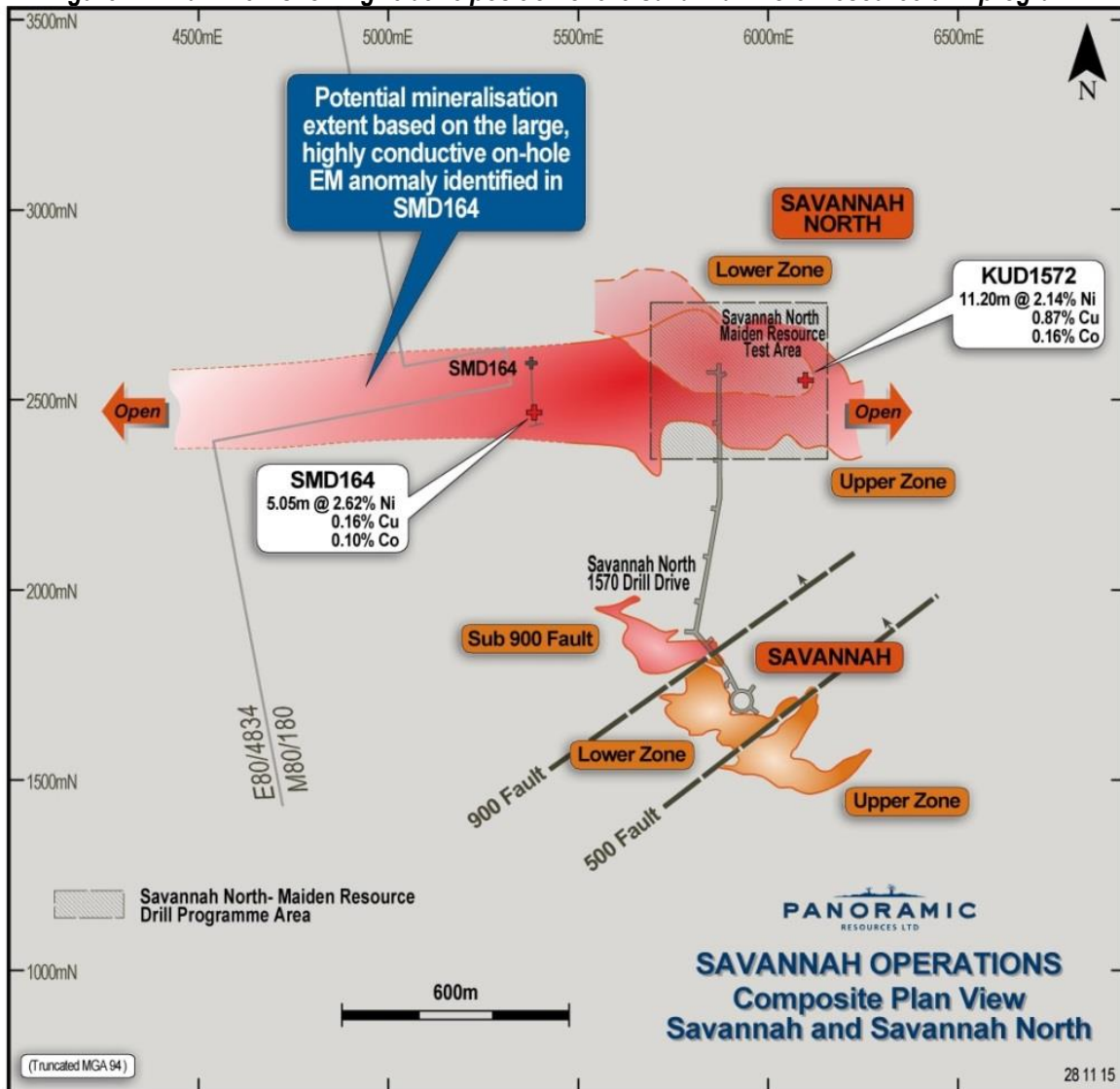
Savannah North

As previously reported, the Savannah North Scoping Study is based on the October 2015 Resource estimate of **6.88 million tonnes @ 1.59% Ni for 109,600t Ni** (refer to the Company's ASX announcement of 1 October 2015). As only 30% of the potential 2km mineralisation footprint of Savannah North has been tested by Resource drilling, the following drill programs are planned for 2016:

- *Program 1 – Savannah North Up-Dip to the East (High Priority)*
The Scoping Study highlighted that the time and capital development required to access the first ore at Savannah North could be significantly reduced if the Savannah North Resource extends up-dip towards the existing Savannah mine levels. The planned program of up to 20 diamond holes, comprising approximately 8,000 drill metres will determine the proximity of the Savannah North mineralisation to the existing Savannah mine levels;
- *Program 2 – Lower Zone infill high grade Inferred area (High Priority)*
Preliminary Savannah North mine designs completed as part of the Scoping Study have highlighted the significant contribution delivered by the deeper levels of the high-grade Savannah North Lower Zone Resource. This zone is constrained by a limited number of drill intersections. In order to de-risk the mine designs in this area a ten-hole program comprising approximately 7,300 drill metres is planned; and
- *Program 3 – Upper Zone western extension*
A significant portion of the existing Inferred and Unclassified mineralisation in the area between the western edge of the Maiden Resource test area (5700mE) and surface hole SMD164, a distance of ~300m (refer Figure 2) could be converted to an Indicated category and a 10 hole drill program comprising 5,800 drill metres is planned. The program is also designed to provide a clearer picture of the shape and grade of the Resource in this area, which in-turn could be applied to the unclassified mineralisation that has been modelled to extend for a further 1km to the west from SMD164. This knowledge should provide a better understanding of the potential size of Savannah North.

Two underground rigs have been mobilised to site, with the first rig due to commence drilling late this week and the second rig by mid-March.

Figure 2 – Plan View showing relative position of the Savannah North resource drill program



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 Project was placed on care and maintenance in November 2015.

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 PGM Division consists of the Pantom 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% 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 31 December 2015, Panoramic had \$25 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.

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No New Information or Data

This announcement contains references to exploration results and Mineral Resource estimates, all of which have been cross referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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.