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18 March 2016

ASX: PAN

Gum Creek Gold Project Free Milling Scoping Study

Highlights

- Mining Inventory of **4.9Mt at 1.94g/t Au for 309koz gold** based on material from Swan, Swift and Howards Resources
- Average annual production for first four years approximately **60,000oz gold**
- Initial Project life approximately **six years**
- Aggregate production **290,000 oz gold**
- Average all-in sustaining cost **A\$1,209/oz gold**
- Pre-production capital cost only **A\$62M** including construction of a new processing facility
- Pre-tax Project NPV (11%) **A\$37M** at A\$1,700/oz gold
- Cumulative EBITDA approximately **\$A149M**
- Cumulative pre-tax free cash flow **A\$82M** at A\$1,700/oz gold
- Company has carried forward tax losses of **A\$79M** which could be applied against this Project's taxable income
- Gidgee Gold Project renamed **Gum Creek Gold Project** reflecting the significant tenement position on the Gum Creek Greenstone Belt

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 referred to above will be realised.

Summary

Panoramic Resources Limited (“Panoramic”) is pleased to report the results of a Free Milling Scoping Study (“Study”) for the 100% owned Gum Creek Gold Project (previously known as the Gidgee Gold Project). Since acquiring the Project in January 2011, Panoramic has:

- completed the August 2012 Scoping Study on processing both Free Milling and Refractory Resources (*refer to the Company’s ASX announcement of 7 August 2012*);
- undertaken a significant Resource infill drilling campaign which increased the confidence in the Resources; and
- undertaken a range of mining, processing, comminution, metallurgical and geotechnical studies with a view to optimising the economics of the Project.

The Study is based on mining open pit Resources from the Swan, Swift and Howards Resources and processing it through a new 800ktpa Carbon in Leach (“CIL”) processing plant to produce approximately 290koz gold over an initial six year mine life at an all in sustaining cost of A\$1,209/oz gold. The Study assumes a maximum cash drawdown of A\$62 million which includes construction of a new processing facility, associated infrastructure and open pit pre-development. Based on A\$1,700/oz gold (equivalent to US\$1,275/oz gold and exchange rate of A\$1:US\$0.75) the Project generates a pre-tax cashflow of A\$82 million (after royalties).

The aim of the Study was to focus on production from free milling Resources only to reduce the initial construction capital whilst retaining optionality of production from the Wilsons refractory Resource at a later date. Historic production of gold from free milling sources was in excess of one million ounces at high metallurgical recoveries. This information, together with testwork done by the Company, provides support for the metallurgical recoveries used in the Study.

The results from the Study demonstrates a Project with attractive economic outcomes and future optionality for production from either other free milling or refractory Resources.

Table 1- Key Outcomes of the Study

Operating Metric	Assumption/Result
Gold Price and Exchange Rate	A\$1,700/oz (US\$1,275/oz and A\$1:US\$0.75)
Mining inventory	4.9Mt @ 1.94g/t Au for 309,000oz contained gold
Mining Method	Open Pit
Project life (processing)	5.8 years
Life of Mine (“LOM”) production	290,000oz Au (average ~60,000oz for years 1-4)
Pre-production capital cost	A\$62M
Average LOM All-in sustaining costs (“AISC”)	A\$1,209/oz Au
LOM processing recovery	95%
LOM strip ratio	9.4:1
Pre-tax IRR	30%
LOM Revenue	A\$496M
LOM EBITDA	A\$149M
LOM Pre-tax cash flow	A\$82M
LOM Pre-tax NPV (11%, real)	A\$37M
Construction period	12 months

The Mineral Resources underpinning the above production target have been prepared by a Competent Person or persons in accordance with the requirements of the JORC Code, (*refer to the Company’s ASX announcement of 30 September 2015*).

Details

Geology

The Gum Creek Gold Project covers approximately 800km² of the Gum Creek Greenstone Belt located in the East Murchison Province of the Western Australian Archaean Yilgarn Craton. Four dominant styles of gold mineralisation are recognised in the belt including both free milling and refractory mineralisation types. For the free milling Howards Resources, gold mineralisation is typically associated with sulphide poor quartz veins of 1 to 3mm thickness, within a shear zone up to 50m wide in mafic host rocks. For Swan and Swift free milling Resources, gold mineralisation is hosted within conjugate quartz-carbonate-sulphide vein sets with individual veins up to several metres thick and extending over tens of metres in carbonate altered mafic host rocks. Coarse free gold is often observed in the veins

Mining and Mining Inventory

The Study assumed a standard drill, blast, load and haul mining methodology which is well known and widely used in Western Australia. The Swan and Swift pits, which supply approximately 62% of the milled tonnes, are located within one kilometre of the proposed location of the new processing plant. Howards is approximately 32km south of the proposed processing plant and haulage to the processing plant will be by road train.

Mining at Gum Creek will be undertaken by mining contractors, with personnel operating on a fly-in, fly-out basis from Perth, with local residents employed where possible.

Production from Swan and Swift includes cutbacks to the existing open pits, while mining at Howards will be from a new open pit. The Mining Inventory of 4.9Mt was derived using a combination of Whittle 4X™ analysis and detailed open pit designs. The mine designs and mining schedules in the Study are based on 2012 JORC compliant Indicated and Inferred Mineral Resources for the Swan Bitter, Swift and Howards Resources. Geotechnical input including pit wall angle selection was provided by a geological consultant. The mining parameters used in the Scoping Study are detailed in Appendix 1. The production schedule has been optimised to minimise working capital and maximise cashflow and NPV. Table 2 provides a summary of production from each Resource.

Table 2 – Mining Inventory

Resource	Mined Tonnes (Mt)	Grade (g/t Au)	Contained Metal (koz Au)
Swan	1.9	2.29	138
Swift	1.2	2.44	92
Howards	1.9	1.30	79
Total	4.9	1.94	309

Table 3 summarises the Resources used in the Mining Inventory, of which approximately 80% is sourced from material in the Indicated category.

Table 3 – Mining Inventory - showing split between Indicated and Inferred

Resource	Indicated			Inferred			% Inferred (by tonnes)
	Mined Tonnes (t)	Grade (g/t Au)	Contained Metal (Oz Au)	Mined Tonnes (t)	Grade (g/t Au)	Contained Metal (Oz Au)	
Swan Bitter	1,252,153	2.41	97,127	622,589	2.04	40,908	33%
Swift	877,384	2.40	67,825	290,498	2.54	23,757	25%
Howards	1,809,920	1.30	75,818	83,730	1.20	3,220	4%
Total	3,939,457	1.90	240,770	996,817	2.12	67,885	20%

Figure 1 shows the proposed site layout of the Central Infrastructure Area which includes Swan Bitter and Swift Open Pits, the new processing facilities, waste dump, accommodation village and airstrip.



Figure 1 – Central Infrastructure Area

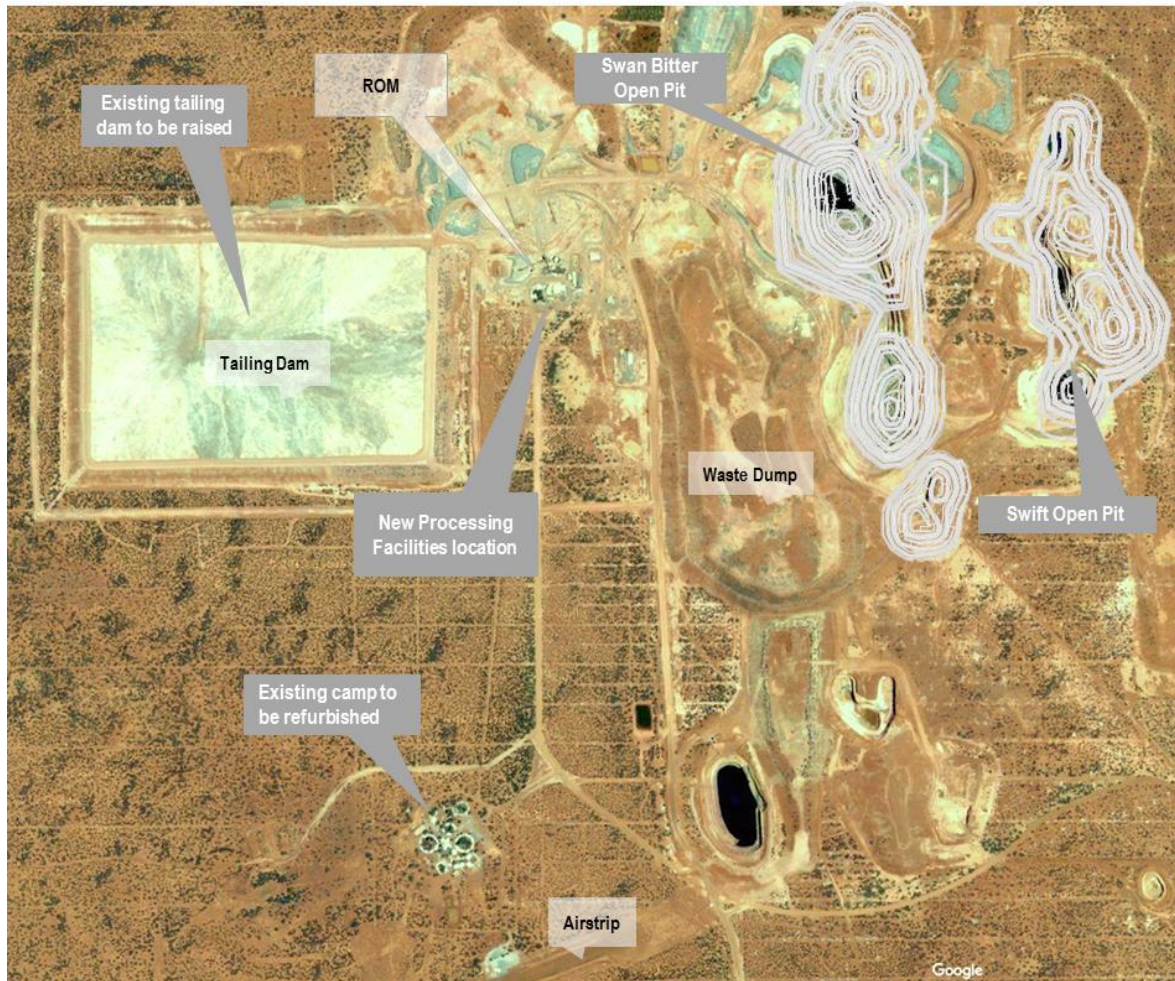
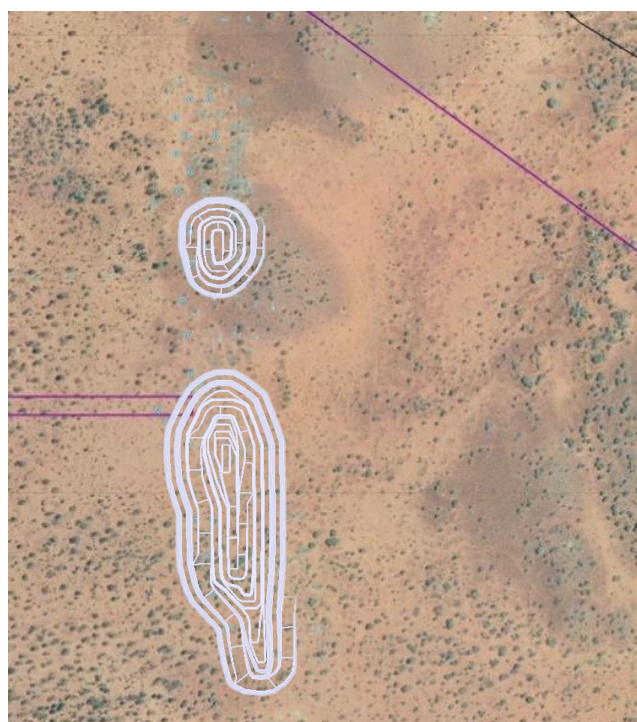


Figure 2 – Howards Open Pit Design





Infrastructure

The Gum Creek Gold Project is located 640 kilometres north-east of Perth in the Murchison region of Western Australia, and includes a 600,000tpa process facility (not in operation) a 50 person camp and operational airstrip. The Project can be accessed by air, a number of gravel roads from either the Great Northern Highway to the west, or from the Goldfields Highway to the east.

The Study assumes the construction of a new, stand alone, 800ktpa processing facility, separate from the existing facility (not in operation). The Study also assumes the relocation of some accommodation and facilities from other Panoramic sites to reduce capital costs.

Tailings from the processing facility will be deposited on the existing tailings dam, which will require two additional lifts. Coffey Geoscience has undertaken an investigation and design for the required earthworks.

Other additional infrastructure includes:

- Power station and power reticulation to be provided by a third party under a BOOT arrangement
- Water treatment facilities
- Workshops and stores

Processing

Feed from Swan, Swift and Swan South will be hauled to the process plant ROM pad, whilst feed from Howards will be stockpiled and hauled via road train as required. Feed to the process plant will be blended in accordance with the delivery schedule from each open pit. Higher value material will be processed preferentially to improve the Project NPV.

The comminution and metallurgical flow sheet design was undertaken by an engineering contractor. The design includes three stages of crushing, a single ball mill, gravity circuit, cyanide leach, elution circuit and gold room. The throughput rates for fresh and oxide/transitional ore is 800ktpa and 1Mtpa respectively.

Historical metallurgical recoveries from Swan and Swift range between 97-99%. Metallurgical testwork, including gravity and cyanide leach tests on Swan and Swift Resources confirmed these recoveries for a grind size of P₈₀ of 75µm. The Study assumes average gold recovery of 96% for the Swan and Swift Resources. Metallurgical testwork undertaken on Howards mineralisation resulted in average recoveries of 91.3% for a grind size of P₈₀ of 75µm. The Study assumes a metallurgical recovery of 91% for Howards. Overall, the average metallurgical recovery over the LOM is 95%.

Figure 3 shows annual mill feed and Figure 4 shows the annual payable gold production over the life of the Project.

Figure 3 –Mill Feed

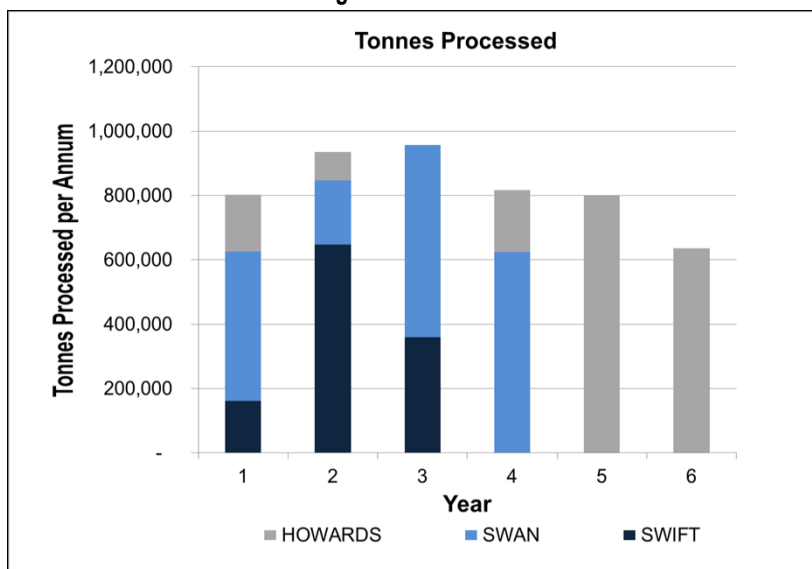
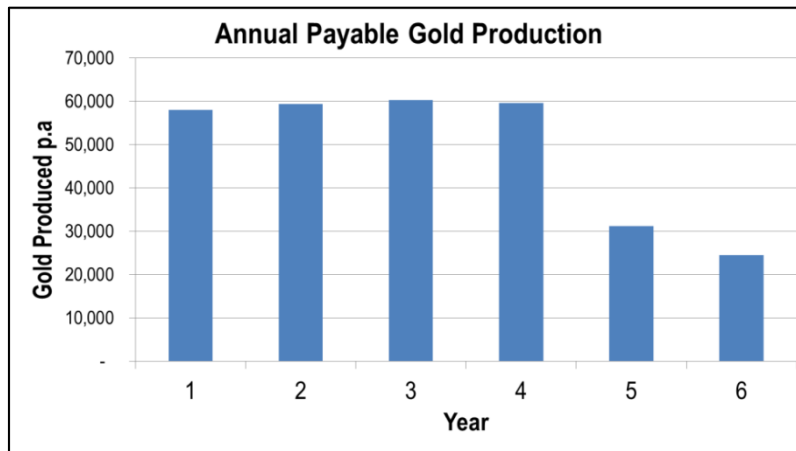


Figure 4 – Gold Production



Cost Estimates and Financial Evaluation

Mining costs are based on estimates from a WA mining contractor. Capital and operating costs for the processing plant are based on estimates provided by a WA engineering contractor using comminution and metallurgical data provided by the Company. Diesel prices are based on recent quotes obtained for deliveries to the site. General and administration costs include items such as flights, accommodation, insurances, rents and rates and were estimated by the Company. Infrastructure costs were estimated by a combination of independent contractors and by the Company. No closure or salvage costs are included in the Study. Table 4 shows the LOM capital costs and Table 5 summaries the LOM AISC costs.

Table 4 – LOM Capital Costs

Item	Initial Capital (A\$M)	Sustaining (A\$M)	Total over Project Life (A\$M)
Capitalised Mining	13	-	13
Processing Facilities	36	-	36
Processing Infrastructure	5	-	5
Tailings Dam	1	3	4
Other	7	-	7
Sustaining	-	2	2
Total	62	5	67

Table 5 – LOM AISC

Item	A\$/t Milled	A\$/oz Au
Total Mining (after waste and cutbacks)	35	598
Processing*	28	471
General and Administration	4	72
Sustaining Capital	1	17
Royalties	3	45
Refining	0	5
All in sustaining cost (AISC)	72	1,209

*Processing cost includes road train haulage from Howards

Table 6 shows the impact of various A\$ gold price assumptions on Project cashflows and NPV.

Table 6 – Study Sensitivity to different A\$ Gold Prices

Pre Tax	A\$/oz Gold Price				
	1,600	1,700	1,800	1,900	2,000
Free Cashflow after royalties (A\$M)	53	82	110	139	168
NPV (11%) after royalties (A\$M)	17	37	57	77	97

The Study reports cashflows on a pre-tax basis. The Company has \$79M of carried forward tax losses which could be used to offset the Project's taxable income.

Tenements and Approvals

All of the Resources included in the Study are held on granted mining leases. A detailed Mining Proposal has been submitted and accepted by the WA Department of Mines and Petroleum in February 2015 for mining of Swift Resources and processing through the Central Infrastructure Area. Further approvals are necessary for mining of Swan and Howards Resources. Other approvals include works approvals, clearing permits and water abstraction licenses. Due to the history of mining at Gum Creek, the Company does not envisage any issues with receiving necessary approvals.

Identified Risks

A number of risks have been identified that may impact (either positively or negatively) the economics of the Study. These risks include, but are not limited to:

- US\$ Gold price and US\$:A\$ exchange rate
- Cost of consumables, including the price of diesel fuel
- Capital and operating costs
- Resource to Reserve conversion rates
- Metallurgical recoveries
- Project financing
- Regulatory approvals

Exploration

In 2015, Panoramic completed detailed ground gravity and airborne EM survey over the Gum Creek Project. This geophysical data has been integrated with existing magnetic surveys, geological mapping and drill hole databases. The integrated dataset is now being used to drive exploration targeting with 13 targets identified. In addition, the shear zone associated with the Wilsons gold deposit has been defined geophysically with 14 new targets along this zone identified for follow up exploration.

Project Upside

There is potential for further work to provide upside for the Project, namely:

- Adding Resources to Swift, Swan and Howards through exploration success
- Incorporating further existing Resources into the Mining Inventory
- Optimising mining schedules and production rates
- Optimising the process flow sheet
- Reducing Operating and Capital costs
- Expanding the Project to include refractory Resources

Project Name Change

The Project has been renamed **Gum Creek Gold Project**, reflecting the significant tenement position on the Gum Creek Greenstone Belt.

Next Steps

The Gum Creek Scoping Study demonstrates a robust Project at A\$1,700/oz gold. Although the Company has commenced a sales process for the Project, Panoramic is reviewing the option to enhance shareholder value either through sale of the Project or retaining and developing. The Company has commenced detailed design and optimisation for a Feasibility Study, along with seeking indicative funding terms for the Project.

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 Resource risk, 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. Readers should not place undue reliance on forward looking information. 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 Project was placed on care and maintenance in November 2015. The Company has advised that it intends to place the Savannah Project onto care and maintenance in May 2016 pending an improvement in the price of nickel.

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 Gum Creek Project located near Wiluna. 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% 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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Appendix 1

The Mining Inventory is based on existing Resources (*refer to the Company's ASX Announcement of 30 September 2015*), and there has been no conversion of the Mineral Resource to Ore Reserve as a result of this Study. Key mining parameters used in the Study are as follows.

<p>Swan The open pit Resource model includes modifying factors</p>	<ul style="list-style-type: none"> ■ Cut off grade – 0.7g/t Au ■ Minimum Mining Width – 4m downhole ■ Internal Dilution – 2m downhole ■ Edge Dilution - 1m either side downhole ■ High Grade Cuts <ul style="list-style-type: none"> ○ Oxide – 10g/t ○ Transitional – 20g/t ○ Fresh 200g/t ■ Pit Slope angles range from 35-45 degrees ■ Ramp widths range from 12-18m wide with a gradient of 1 in 9 ■ Batter angles range from 70 degrees near the base to 55 degrees near the surface and berm heights of 20m with minimum berm widths of 7m
<p>Swift The open pit Resource model includes modifying factors</p>	<ul style="list-style-type: none"> ■ Cut off grade – 0.7g/t Au ■ Minimum Mining Width – 4m downhole ■ Internal Dilution – 2m downhole ■ Edge Dilution - 1m either side downhole ■ High Grade Cuts – Oxide – 20g/t, Transitional – 30g/t, Fresh 30g/t ■ Pit Slope angles range from 40-44 degrees ■ Ramp widths range from 12-18m wide with a gradient of 1 in 9 ■ Batter angles range from 70 degrees near the base to 55 degrees near the surface and berm heights of 20m with minimum berm widths of 5m
<p>Howards The following mining factors were applied to the Howards Resource</p>	<ul style="list-style-type: none"> ■ Cut off grade – 0.88g/t Au ■ Mining dilution – 5% ■ Mining loss – 5% ■ Pit Slope angles were 45 degrees ■ Ramp widths range from 12-18m wide with a gradient of 1 in 9 ■ Batter angles range assume 70 degrees and berm heights of 20m with berm widths of 5m