

## Large off-hole EM conductor confirmed at Savannah

### Highlights

- A large, highly conductive, off-hole EM conductor has been confirmed at Savannah
- Electromagnetic properties are consistent with “Savannah style” nickel sulphide mineralisation
- Additional drilling is being planned to test the source of the conductor as a priority

### Summary

Panoramic Resources Limited (“Panoramic”, ASX Code: PAN) wishes to advise that the downhole electromagnetic (“DHEM”) geophysical surveying completed during March on drill holes SMD163 and SMD170 has confirmed the presence of a large EM anomaly situated to the northeast of the Savannah deposit. In drill hole SMD163, a very clear, late-time off-hole EM response is present at a down-hole depth of 960m. The geophysical response is consistent with a large, highly conductive source, with EM characteristics consistent with “Savannah style” nickel sulphide mineralisation, located below the hole.

**The modelled plate dimensions for the EM source are 800m by 450m with a dip of 70 degrees west-northwest and conductance of approximately 3,500 Siemens. The Company intends to drill test this target as a matter of priority.**

#### Cautionary Statement

**There is a high level of geological risk associated with the interpretation and modelling of DHEM anomalies and there is no certainty that further exploration work will result in the discovery of additional “Savannah-style” nickel sulphide mineralisation. Other naturally occurring minerals can also cause strong EM responses.**

Panoramic’s Managing Director, Peter Harold said *“This is an exciting development, especially given the size of the anomaly, the geophysical characteristics indicative of sulphide mineralisation, the proximity to the Savannah and Savannah North orebodies and to existing mine development. The Company is very keen to test this target and is in contact with its drilling contractor regarding the availability of a suitable drill rig. The identification of this anomaly demonstrates the on-going prospectivity within the Savannah environs.”*

### Details

#### Project Background

The Savannah Nickel Project is located 240km south of Kununurra in the East Kimberley region of Western Australia, and consists of a nickel-copper-cobalt sulphide orebody, underground mine, process plant and associated infrastructure. Panoramic was formed in 2001 for the purpose of developing the project. Panoramic successfully commissioned the Savannah Project in late 2004 and over a twelve year period milled ~8.5 million tonnes at an average grade of 1.29% nickel, 0.65% copper and 0.06% cobalt to produce 1.22 million tonnes of concentrate, containing 94,600 tonnes nickel, 53,000 tonnes copper and 5,000 tonnes cobalt. In FY2016, Savannah achieved a record year with 9,845 tonnes nickel, 6,011 tonnes copper and 476 tonnes cobalt in concentrate produced. The Savannah Project was placed on care and maintenance in May 2016 pending a sustained recovery in the US\$ nickel price.

The Savannah North deposit was discovered in February 2014, when drill-hole KUD1525, targeting the interpreted fault offset of the main Savannah orebody, intersected 89.3m @ 1.60% Ni, 0.76% Cu and 0.12% Co (refer to the Company's ASX announcement of 18 February 2014). Resource drilling programs completed on Savannah North in 2015 and again in 2016, culminated in the release of a Mineral Resource estimate of 10.27 million tonnes at 1.70% Ni for 175,100t Ni, 74,400t copper and 12,700t cobalt in August 2016 (refer to the Company's ASX announcement of 24 August 2016).

In February 2017, Panoramic announced the results of a Feasibility Study into the recommencement of mining at Savannah and concurrent development and mining of Savannah North (refer to the Company's ASX announcement of 2 February 2017). The Feasibility Study demonstrates an initial ten-year mine life with a production target of 99,200t nickel, 51,500t copper and 7,700t cobalt in concentrate over life-of mine. Payable operating cash costs are estimated to be US\$3.30/lb Ni (at a US\$:A\$ exchange rate of US\$0.736), and pre-production capex is forecast to be approximately \$20 million. A maiden Ore Reserve of 6.65 million tonnes at 1.42% Ni, 0.61% Cu and 0.10% Co for 94,500t nickel, 40,900t copper and 6,700t cobalt was declared for Savannah North.

## Drilling and EM Program

In the second half of 2016, Panoramic completed a surface drilling program at Savannah consisting of four new surface holes and one wedged daughter hole for a total of 5,903m (refer to Company's ASX announcement of 31 January 2017). As part of this program, drill hole SMD170 (drilled to the east of the Savannah North resource) identified a strong EM response which modelled as a large, strongly conductive source dipping to the northwest below the hole (Figure 1). The DHEM response identified in SMD170 was similar to previous DHEM responses identified in surface holes SMD162 and SMD163, located to the south of SMD170 (refer to Company's ASX announcement of 26 August 2015). Simultaneous modelling of the three DHEM data sets by the Company's geophysical consultants, Newexco Services Pty Ltd ("Newexco") indicated a single source was potentially responsible for all three responses.

On the basis of this geophysical evidence, Panoramic decided to deepen drill holes SMD163 and SMD170. The program was completed in March 2017, with drill hole SMD163 and SMD170 being extended by 204m and 180m respectively (Table 1). After deepening, both holes were re-surveyed with DHEM. According to Newexco, the new DHEM data-sets provide a significant improvement on the interpreted EM anomaly due to the extra data provided by the extended hole surveys and the improved data quality.

DHEM surveying of drill hole SMD163 identified a very clear, late-time off-hole EM response at a depth of 960m, consistent with a large, highly conductive source located below the hole (Figure 2). Decay curve analysis indicated a time-constant in-excess of 250 milliseconds for the source, which is consistent with "Savannah style" nickel sulphide mineralisation. Geological logging of SMD163 recorded broad zones of mafic granulite with minor, thin zones of Tickalara Metamorphics at 960m, with neither rock type accounting for the EM response. No mineralisation was observed.

In SMD170, a partially covered, weaker EM response was detected, which would require this hole to be extended at least a further 100m to provide a complete profile of the anomaly.

Simultaneous modelling of the two data sets by Newexco has demonstrated that a single, large, highly conductive off-hole source is consistent with both data-sets. A modelled plate measuring 800m by 450m with a conductance of approximately 3,500 Siemens was determined for the source. The modelled plate has a dip of approximately 70 degrees towards 290 degrees (Savannah mine grid).

**The cause of the EM source identified in SMD163 and SMD170 is unknown and therefore the Company intends to drill test the modelled conductor as a priority.**

JORC Table 1, Section 2 in relation to the exploration results reported above, is included in Appendix 1.

**Table 1 – Drill Hole Collar Summary**

| Hole   | East (m) | North (m) | RL (m) | Dip (°) | Azi (°) | EOH (m) | From (m)  | To (m) | Intercept (Ni) | Cu (%) | Co (%) |
|--------|----------|-----------|--------|---------|---------|---------|---|--------|----------------|--------|--------|
| SMD163 | 396387.4 | 8082277.7 | 2360.9 | -62.0   | 135.6   | 1230.8  | No samples submitted from extended part of hole |        |                |        |        |
| SMD170 | 396488.0 | 8082527.0 | 2345.5 | -85.8   | 66.5    | 1365.2  | No samples submitted from extended part of hole |        |                |        |        |

Figure 1 – Savannah Geological Surface Plan showing relative position of highly conductive EM source identified at depth

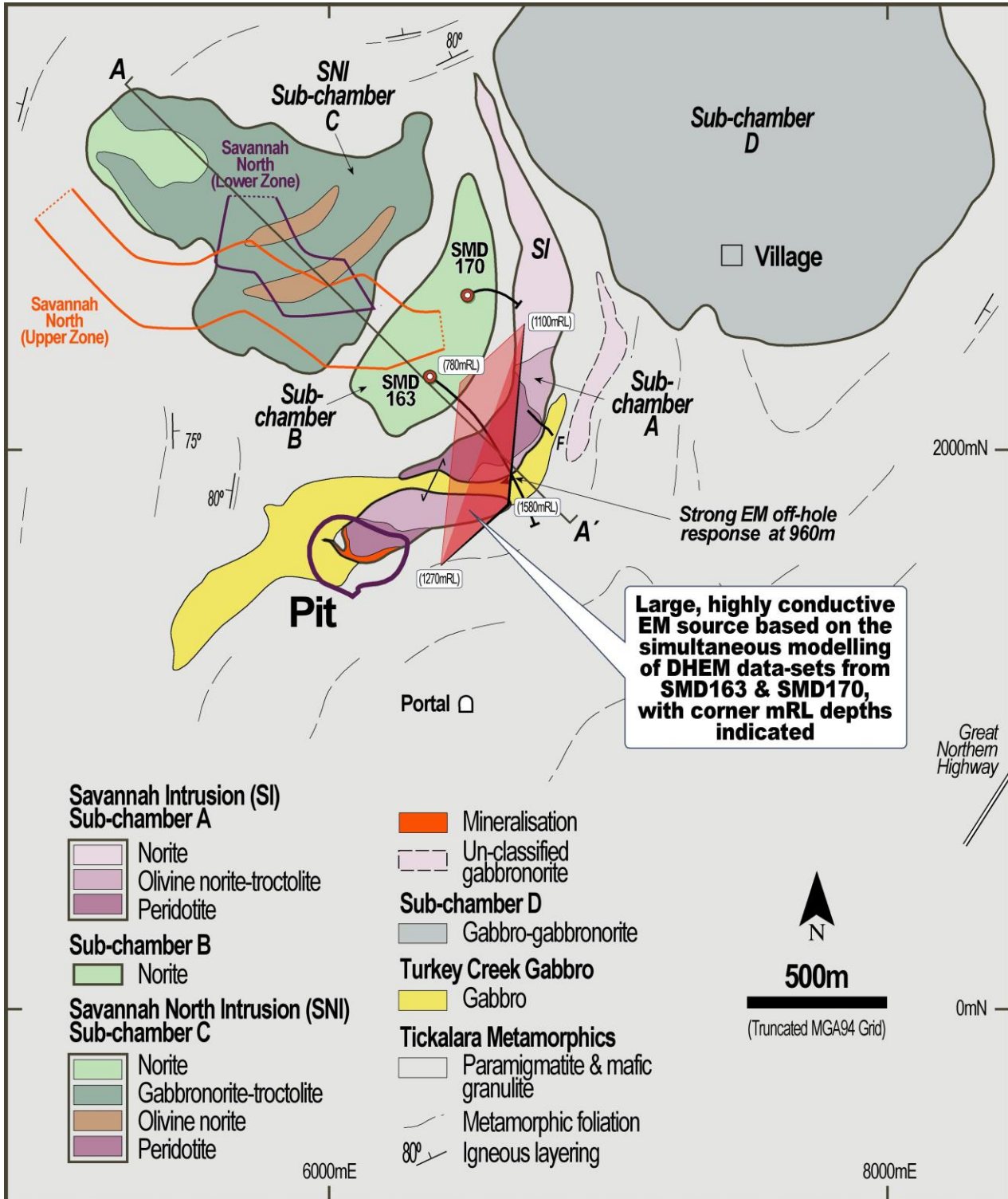
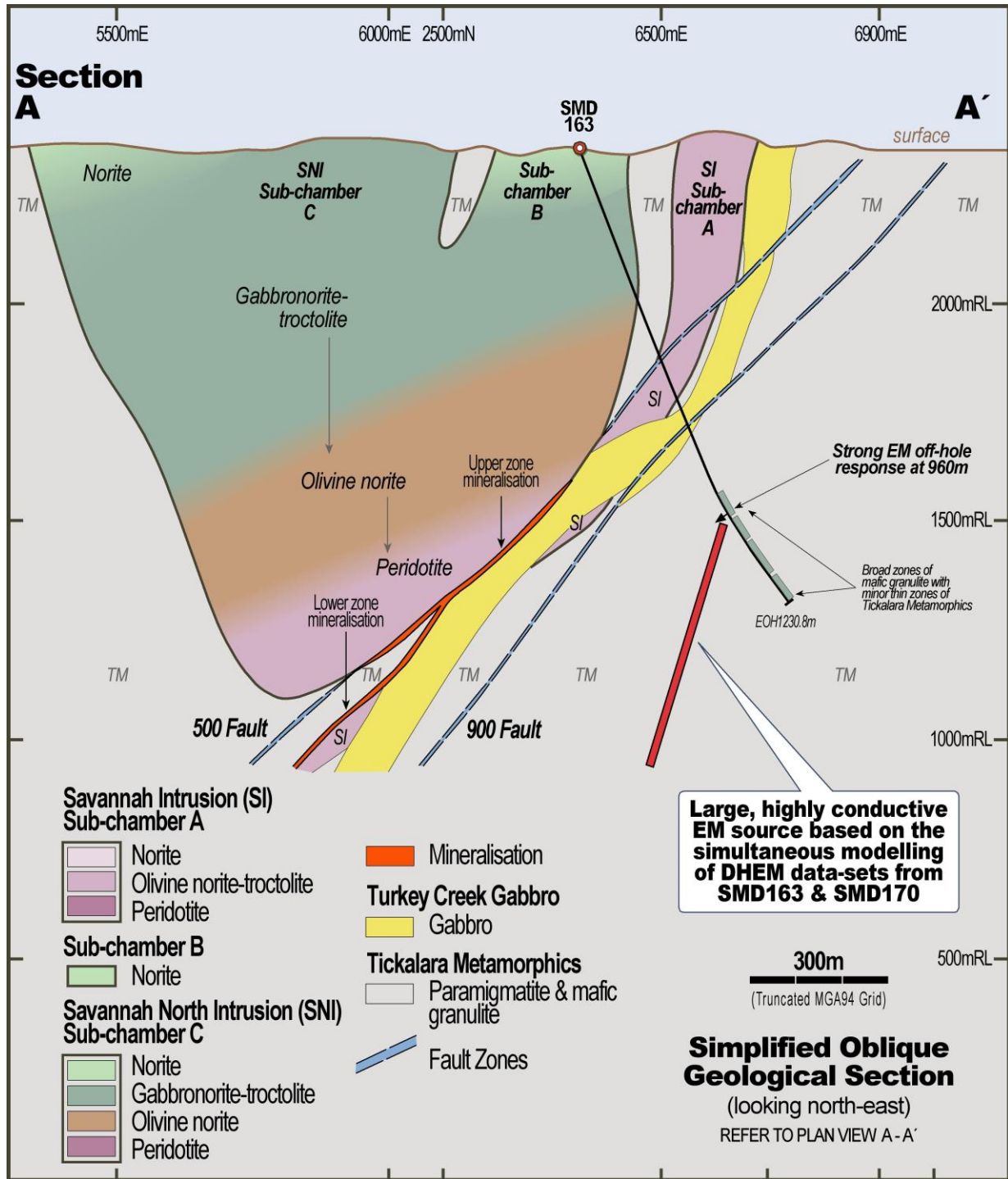


Figure 2 – Oblique Geological Section AA' showing relative position of strong off-hole EM response identified in SMD163



## 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.

Following the successful development of the nickel projects, the Company diversified its resource base to include 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, in which Rio Tinto is earning 70% by spending up to C\$20 million over five years. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold consists of an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% majority shareholding in Horizon.

Panoramic has been a consistent dividend payer and has paid out a total of \$114.3 million in fully franked dividends between 2008 and 2016. At 31 December 2016, Panoramic had \$15.3 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**

## Competent Person

The information in this release that relates to Exploration Targets, Exploration Results and Mineral Resources at Savannah 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. Mr Hicks also holds performance rights to shares in relation to Panoramic Resources Limited. The information in this release that relates to the processing and interpretation of DHEM data is based on information compiled by Nicholas Ebner. Mr Ebner is a member of the Australian Society of Exploration Geophysicists and is a full-time employee of Newexco Services Pty Ltd.

The aforementioned have 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. Both Mr Hicks and Mr Ebner consent to the inclusion in the release of the matters based on the information in the form and context in which it appears.

## Appendix 1 JORC Code 2012 Edition - Compliance Tables

**Table 1 - Savannah North**

**Section 2 – Reporting of Exploration Results**

(Table 1, sections 1 and 3 have been reported previously (refer to the Company's ASX announcement of 24 August 2016))

| Criteria  | JORC Code explanation   | Commentary   |
|---|---|--|
| <b>Mineral tenement and land tenure status</b>                          | <ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>  | <ul style="list-style-type: none"> <li>The Savannah Nickel Mine (SNM) is secured by 5 contiguous Mining Leases (M80/179 – M80/183). All tenure is current and in good standing. SNM has the right to explore for and mine all commodities within the mine tenements.</li> <li>Prior to being placed onto care and maintenance in May 2016, SNM had operated continuously since 2004. There are no known impediments regarding statutory approvals and licences in order to resume operations.</li> <li>The mine has a long standing off-take agreement to mine and deliver nickel sulphide concentrate to the Jinchuan Group in China.</li> </ul>  |
| <b>Exploration done by other parties</b>                                | <ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>   | <ul style="list-style-type: none"> <li>Since commissioning the Savannah Project in 2004, SNM has conducted all exploration on the mine tenements.</li> </ul>   |
| <b>Geology</b>  | <ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>   | <ul style="list-style-type: none"> <li>Mineralisation is associated with the Savannah Intrusion; a palaeo-proterozoic mafic/ultramafic magma conduit. The Ni-Cu-Co rich massive sulphide mineralisation occurs as "classic" magmatic breccias developed about the more primitive, MgO rich ores in the basal parts of the conduit.</li> </ul>  |
| <b>Drill hole Information</b>   | <ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:                             <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul> | <ul style="list-style-type: none"> <li>All exploration at SNM is conducted on the Savannah mine grid, which is a "4 digit" truncated MGA grid. Conversion from local to MGA GDA94 Zone 52 is calculated by applying truncated factor to local coords: E: +390000, N: +8080000. RL equals AHD + 2,000m. Additional drill hole information includes:                             <ul style="list-style-type: none"> <li>Savannah underground diamond drill holes are typically NQ2 size, though some deep holes are commenced HQ size and then reduced. Deep surface holes are commenced PQ size, then reduced to HQ and eventually NQ2 size</li> <li>All core is orientated and photographed prior to cutting and sampling</li> <li>All intersection intervals are reported as down-hole lengths and not true widths</li> <li>All assays are typically performed on the Savannah onsite laboratory, otherwise by SGS Laboratories in Perth</li> </ul> </li> </ul> |
| <b>Data aggregation methods</b>   | <ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> <li>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>   | <ul style="list-style-type: none"> <li>Not applicable to this report.</li> </ul>   |
| <b>Relationship between mineralisation widths and intercept lengths</b> | <ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>   | <ul style="list-style-type: none"> <li>Not applicable to this report.</li> </ul>   |
| <b>Diagrams</b>   | <ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</li> </ul>   | <ul style="list-style-type: none"> <li>Based on the limited level of data currently available for this area at Savannah it was deemed that a simplified plan and section view showing the location of the exploration DHEM survey results in relation to the main areas of the SNM operation was appropriate.</li> </ul>   |

| Criteria                                  | JORC Code explanation   | Commentary  |
|---|---|---|
| <b>Balanced reporting</b>                 | <ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>   | <ul style="list-style-type: none"> <li>Based on the fact that exploration results reported herein relate to DHEM results for two drill holes that are located well away from other mine drill holes, the report is considered to be sufficiently balanced.</li> </ul>   |
| <b>Other substantive exploration data</b> | <ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul> | <ul style="list-style-type: none"> <li>The exploration results reported herein relate specifically to two DHEM surveys conducted at Savannah in March 2017. Newexco Services Pty Ltd (geophysical consultants to Panoramic) were instrumental in planning and interpreting the results of the surveys.</li> <li>The DHEM surveys were performed by Merlin Geophysical Solutions under the supervision of Newexco.</li> <li>The receiver was a DigiAltantis with a fluxgate Rx sensor. The base frequency was 0.5Hz for SMD163 and 1.0Hz for SMD170.</li> <li>The transmitter was a Phoenix operating at a current of 39 A.</li> <li>Interpretation and modelling of the survey data was performed with Maxwells (modelling software).</li> <li>No other exploration data is considered material to this report at this stage</li> </ul> |
| <b>Further work</b>                       | <ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>                                       | <ul style="list-style-type: none"> <li>The exploration results reported herein are for the Savannah Project. Work is ongoing and planning is underway to follow-up the results reported herein and will be reported if and when they become available.</li> </ul>   |