

December 2017 Half Year Results

Key Points

- **Net Revenue** - \$0.4 million
- **Cash flow from operating activities** - \$5.3 million outflow after project care and maintenance costs (after consolidating \$1.2 million of costs incurred at the Gum Creek Project) and corporate costs
- **Reported net loss after tax** - \$5.3 million (including \$0.9 million contributed by Horizon Gold Limited)
- **Net current assets** - \$9.6 million
- **Net assets** - \$108.6 million
- **Capital Raising** – fully subscribed \$20.9 million (before costs) raised in February 2018 to be used primarily for critical-path pre-production activities to reduce the lead time for a restart of mining operations at Savannah

Key Metrics

Description (Units in A\$ million unless otherwise stated)	Dec Half 2017	Dec Half 2016	Dec Half 2015
Group nickel production (dmt)	-	-	6,045t
Group nickel sales (dmt)	-	886t	5,799t
A\$ average spot nickel price	n/a	\$5.57/lb	\$6.27/lb
Total net revenue (nickel division)	\$0.3	\$8.2	\$50.3
Cost of sales before depreciation and amortisation (D&A)	-	(\$8.7)	(\$67.2)
Underlying Nickel Division EBITDA	\$0.3	(\$0.5)	(\$16.9)
Depreciation and amortisation (D&A)	(\$0.3)	(\$0.4)	(\$36.9)
Care and maintenance costs	(\$3.5)	(\$5.8)	(\$0.5)
Loss before tax and impairment	(\$5.3)	(\$9.9)	(\$62.0)
Impairment reversal/(losses) before tax	-	\$9.2	(\$84.6)
Income tax benefit/(expense)	-	-	\$9.8
Reported net loss after tax	(\$5.3)	(\$0.7)	(\$138.7)
Cash inflow/(outflow) from operating activities before tax	(\$5.3)	(\$4.1)	(\$32.2)
Cash inflow/(outflow) from investing activities	(\$2.6)	(\$2.0)	\$5.2
Cash and cash equivalents (<i>Consolidated Group</i>)	\$12.3 ^{1 2}	\$27.0 ^{1 2}	\$24.9
Cash and cash equivalents (<i>Panoramic Group only</i>)	\$3.9 ²	\$13.4 ²	\$24.9
	31 Dec 2017	30 June 2017	30 June 2016
Current Assets	\$12.9	\$21.4	\$29.0
Non-Current Asset	\$128.5	\$124.8	\$111.6
Total Assets	\$141.4	\$146.2	\$140.6
Current Liabilities	\$3.3	\$4.3	\$7.6
Non-Current Liabilities	\$29.5	\$29.8	\$30.9
Total Liabilities	\$32.8	\$34.1	\$38.5
Net Assets	\$108.6	\$112.1	\$102.1

¹ includes Horizon Gold's 31 December 2017 cash balance of \$8.4 million (31 December 2016: 13.6 million)

² excludes the restricted \$1.8 million cash-backing the drawn amount on the Company's performance bond facility (treated as a non-current asset)

Commentary

Reported net loss after tax

The Company reported a net loss after tax of \$5.3 million for the first half of FY2018, up on the previous corresponding half-year net loss of \$0.7 million. The principal reason for the increase was a \$7.9 million reduction in net revenue over the half-year, reflecting the impact of the Savannah and Lanfranchi projects being on care and maintenance.

Care and maintenance costs of \$3.5 million were ~40% lower than the previous period, reflecting that the one-off costs required to transition the Savannah Project onto care and maintenance were incurred soon after the project ceased production in May 2016.

Cash Flow

Net cash from operating activities resulted in an outflow of \$5.3 million after project care and maintenance costs (includes the \$1.2 million incurred by Horizon Gold Limited) and corporate costs.

Net cash out-flow from investing activities included \$2.4 million on exploration and evaluation expenditure across the Group's projects.

At 31 December 2017, the Panoramic Group (excluding Horizon Gold) had a closing cash balance of \$5.7 million, comprising \$3.9 million of available cash and restricted \$1.8 million cash-backing the drawn amount on the Company's performance bond facility.

Aggregate movements in the Panoramic Group's cash balance over the half-year are shown in Figure 1.

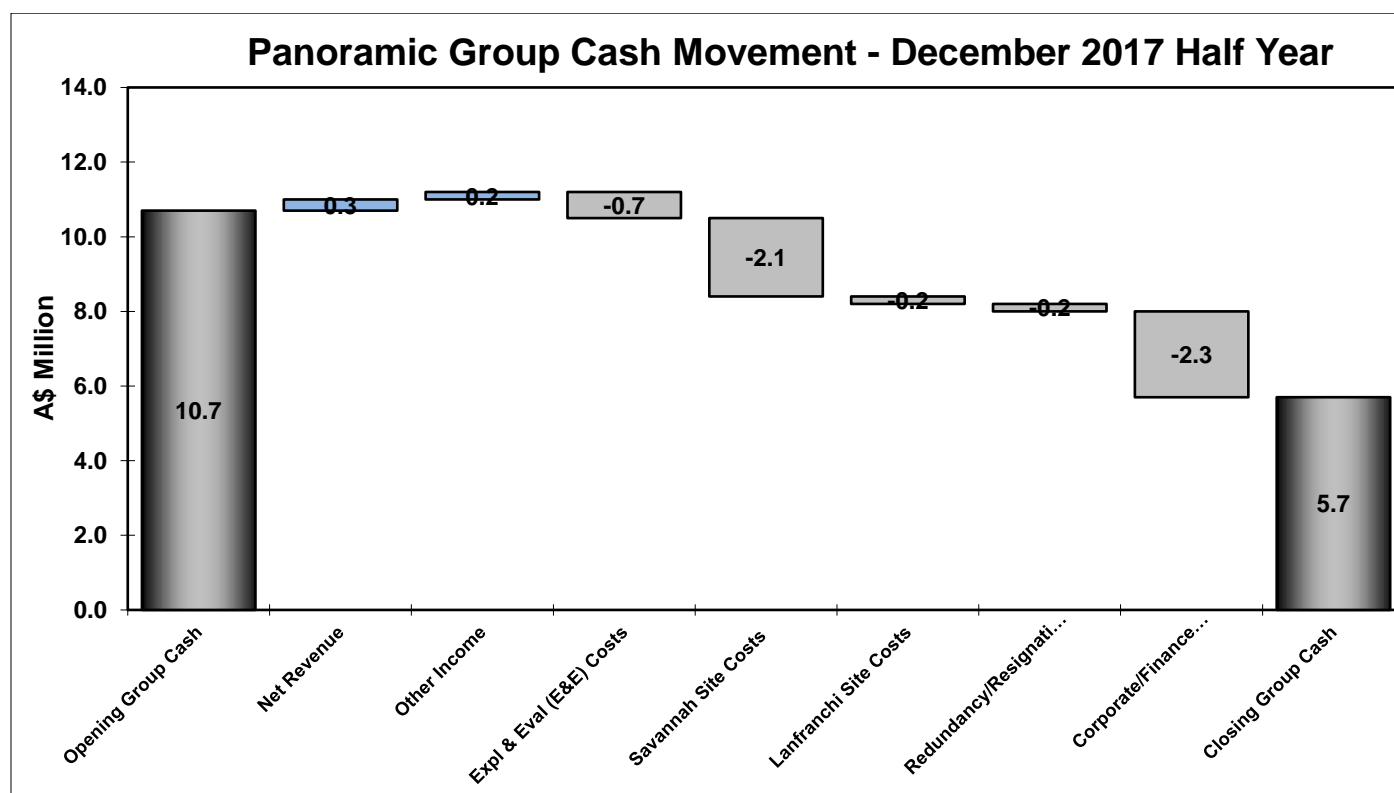


Figure 1:

Note: the opening and closing cash balances include the \$1.8million cash-backing the drawn amount against the Company's performance bond facility. The cash balances and cash movements of the Horizon Group have been excluded from the analysis.

Investment in Horizon Gold

In recognition of the Company's majority 51% investment in Horizon Gold Limited ("Horizon Gold"), under AASB 10 Consolidated Financial Statements, the assets, liabilities, equity, income, expenses and cash flows of Horizon Gold are required to be consolidated in the financial statements of the Panoramic Group, after attributing the profit or loss and each component of other comprehensive income to the equity owners of the Company and to the 49% non-controlling interests.

For clarity, the Company has also included in the Directors' Report, a non-AIFRS balance sheet in which the Company's 51% shareholding in Horizon Gold has been "re-classified" as an "investment in subsidiary". In this Pro-forma balance sheet, the equity investment in Horizon Gold of 39.03 million shares is shown at fair value through profit and loss measured using the quoted share price of Horizon Gold at the end of the period, instead of consolidating the separate assets, liabilities and results of Horizon Gold as required under AASB10. The shares in Horizon Gold are restricted from trading on the ASX until 21 December 2018. This non-AIFRS de-consolidated Pro-forma balance sheet is also shown in Appendix B.

Outlook

Updated Savannah Project Feasibility Study

In October 2017, the Company released the results of an update ("Updated FS") to the February 2017 Savannah Feasibility Study. The Updated FS demonstrates a financially robust project with a long mine life, modest pre-production capital requirements and competitive cash operating costs.

In light of the positive results of the Updated FS together with the continuing improvement in commodity prices and the more positive outlook, especially for nickel and cobalt, the Company is progressing towards a decision to restart the Savannah Project.

Fully Underwritten Pro-Rata Renounceable Entitlement Offer

On 24 January 2018, the Company announced to eligible shareholders the opportunity to acquire fully paid ordinary Shares in the Company through a fully underwritten pro-rata renounceable entitlement offer ("Offer") of one New Share for every seven Shares held by eligible shareholders on the Offer Record Date of 1 February 2018. The \$20.8 million proceeds (before costs) of the Offer are primarily to be used on critical-path pre-production activities to reduce the lead time for a restart of the Savannah Project, exploration near the Savannah mine, general corporate expenses and to provide working capital. The fully subscribed Offer (after a ~\$3.4 million pro-rata scaleback of the Top-Up Facility) closed on 19 February 2018 with New Shares to be issued and dispatched on 1 March 2018.

Exploration

In 2018, the Company plans to conduct exploration on three under-explored layered mafic-ultramafic intrusions at Frog Hollow, Wilson and Dave Hill, all of which are located near the Savannah Mine. The impetus and focus for these exploration programs has been driven by the results of a series of recently completed joint Company and Minerals Research Institute of Western Australia (MRIWA) funded research projects by CSIRO Mineral Resources in which the CSIRO concluded that these intrusions were emplaced at the same time and by the same magmatic event that was responsible for the emplacement of the mineralised Savannah and Savannah North intrusions.

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 2017, Panoramic had \$5.7 million in available and restricted 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 A

Summary of December 2017 Half-Year Results

Description (Units in A\$ million unless otherwise stated)	Dec Half 2017	Dec Half 2016	Dec Half 2015
Financials			
A\$ average spot nickel price ¹	n/a	\$5.57/lb	\$6.27/lb
Total net revenue (nickel division)	\$0.3	\$8.2 ²	\$50.3 ²
Cost of sales before depreciation and amortisation	-	(\$8.7)	(\$67.2)
<i>Underlying Nickel Division EBITDA</i>	\$0.3	(\$0.5)	(\$16.9)
Depreciation and amortisation	(\$0.3)	(\$0.4)	(\$36.9)
Exploration and evaluation	(\$0.3)	(\$0.3)	(\$2.2)
Care and maintenance costs	(\$3.5)	(\$5.8)	(\$0.5)
Other net costs including corporate costs	(\$1.5)	(\$2.9)	(\$5.5)
<i>Profit/(loss) before tax and impairments/write-offs</i>	(\$5.3)	(\$9.9)	(\$62.0)
Impairment reversal/(losses) before tax	-	\$9.2	(\$84.6)
Capitalised exploration and evaluation written-off	-	-	(\$1.9)
<i>Profit/(loss) before tax</i>	(\$5.3)	(\$0.7)	(\$148.5)
Tax benefit	-	-	\$9.8
<i>Reported net loss after tax</i>	(\$5.3)	(\$0.7)	(\$138.7)
EPS (cents/share)	(1.2c)	(0.1c)	(43.2c)
Cash Flow			
Cash flow from operating activities before tax	(\$5.3)	(\$4.1)	(\$32.2)
Payments for property, plant, and equipment	-	(\$0.2)	(\$1.8)
Capitalised development costs	(\$0.4)	(\$0.1)	(\$5.8)
Exploration and evaluation expenditure (capital component)	(\$2.4)	(\$2.7)	(\$3.3)
Proceeds from sale of financial assets	-	-	\$15.7
Equipment lease repayments	(\$0.4)	(\$0.4)	(\$2.2)
New equity, net of costs (<i>Horizon Gold IPO</i>)	-	\$14.1	-
Cash and cash equivalents (<i>Consolidated Group</i>)	\$12.3 ^{3 4}	\$27.0 ^{3 4}	\$24.9
Cash and cash equivalents (<i>Panoramic Group only</i>)	\$3.9 ⁴	\$13.4 ⁴	\$24.9
Physicals			
Group nickel production (dmt)	-	-	6,045t
Group nickel sales (dmt)	-	886t	5,799t

¹ LME US\$ nickel daily cash price converted to A\$ using the daily RBA US\$:A\$ Settlement Rate

² net of by-product credits, interest income, smelter/ concentrate treatment charges and profit/(losses) on commodity/foreign exchange hedges

³ includes Horizon Gold's 31 December 2017 cash balance of \$8.4 million (31 December 2016: \$13.6 million)

⁴ excludes the \$1.8 million cash-backing the drawn amount on the Company's performance bond facility (treated as a non-current asset)

Appendix B

Pro-forma Panoramic Consolidated Balance Sheet (51% equity interest in Horizon Gold re-classified as "Investment in Subsidiary")

Panoramic Group Consolidated Balance Sheet (A\$'000)	31 Dec 2017 (Pro-forma) ¹	Adjustments	31 Dec 2017 (AIFRS)
ASSETS			
Current assets			
Cash and cash equivalents	3,906	8,399	12,305
Trade and other receivables	410	51	461
Prepayments	80	45	125
<i>Total current assets</i>	4,396	8,495	12,891
Non-current assets			
Available-for-sale financial assets	2,722	-	2,722
Investment in subsidiary	9,758	(9,758)	-
Property, plant and equipment	7,022	4,296	11,318
Exploration and evaluation	69,452	24,712	94,164
Development properties	17,106	-	17,106
Mine properties	1,403	-	1,403
Other non-current assets	1,803	-	1,803
<i>Total non-current assets</i>	109,266	19,250	128,516
Total assets	113,662	27,745	141,407
LIABILITIES			
Current liabilities			
Trade and other payables	1,549	447	1,996
Borrowings	441	-	441
Provisions	841	50	891
<i>Total current liabilities</i>	2,831	497	3,328
Non-current liabilities			
Provisions	20,183	9,339	29,522
<i>Total non-current liabilities</i>	20,183	9,339	29,522
Total liabilities	23,014	9,836	32,850
Net assets	90,648	17,909	108,557
EQUITY			
Contributed Equity	169,026	-	169,026
Reserves	38,940	5,409	44,349
Accumulated losses	(117,318)	(1,096)	(118,414)
Non-controlling interests	-	13,596	13,596
Total equity	90,648	17,909	108,557

¹ The Pro-forma balance sheet presentation of the de-consolidated 51% equity interest in Horizon Gold is a non-AIFRS treatment of this investment. The adjustments to the Pro-forma balance sheet are to comply with Australian International Financial Reporting Standards (AIFRS).