

Agreement to sell Lanfranchi to Black Mountain Metals for A\$15.1 million

Highlights

- Lanfranchi Nickel Project to be sold to Black Mountain Metals LLC for a total cash consideration of A\$15.1 million
- Divestment consistent with Panoramic's strategy to focus on the long-life Savannah Ni-Cu-Co Project
- Funds from the sale will strengthen Panoramic's balance sheet
- Transaction expected to close during the December 2018 quarter

Details

General

Panoramic Resources Limited ("Panoramic" or the "Company") is pleased to advise that it has agreed to sell its Lanfranchi Nickel Project to a wholly owned subsidiary of Texas-based Black Mountain Metals LLC ("**Black Mountain**") for a total cash consideration of A\$15.1 million.

Panoramic and Black Mountain have executed a binding Sale and Purchase Agreement ("**SPA**") pursuant to which Black Mountain will acquire all of the issued shares in Panoramic's wholly-owned subsidiary Cherish Metals Pty Ltd ("**Transaction**"), which owns 100% of the Lanfranchi Nickel Project and associated infrastructure 42km south of Kambalda, Western Australia.

The sale of Lanfranchi is consistent with Panoramic's strategy to focus its efforts on the restart of the long-life Savannah Ni-Cu-Co Project, which is on schedule to deliver concentrate early in the March 2019 quarter.

Consideration

A deposit of A\$1.51 million is to be paid to Panoramic with a further A\$11.99 million due on completion, which is expected to be during the December 2018 quarter. Panoramic understands that Black Mountain has sufficient cash reserves such that this transaction is not subject to finance.

In addition to the initial cash payment, Panoramic will receive a further deferred cash consideration of \$1.6 million to be paid in 12 equal monthly instalments ("**Deferred Consideration**"), commencing from the date that is 14 days from the first supply of ore under the current contract with Nickel West, the processing of ore in another commercial capacity or 1 January 2021, whichever is earlier. In the event that Black Mountain wishes to divest the Lanfranchi Nickel Project prior to payment of the Deferred Consideration, the entire Deferred Consideration amount will be paid immediately.

Discussion

The proceeds from the sale of Lanfranchi will assist Panoramic to maintain a robust balance sheet during the restart and ramp up of the Savannah Project, as well as providing the Company with funding for:

- additional exploration at Savannah to grow the resource base and extend the mine life;
- for general working capital; and
- to pursue other opportunities.

Peter Harold, Panoramic's Managing Director commented:

"Lanfranchi has been a great contributor for Panoramic since its acquisition in 2005, generating significant revenue and profits for the Company over the 10-year period before it was placed onto care and maintenance in August 2015. Whilst we see Lanfranchi as a potential future source of nickel ore, with considerable exploration upside, its relevance to Panoramic has been displaced by the much larger and higher margin Savannah Project, which is where we see the next chapter of growth for our Company.

We believe Savannah is a Tier-1 base metals asset, offering robust operating margins and a long mine life, as well as considerable exploration upside still to be fully evaluated. We are very excited about the restart of operations at Savannah and expect the project to deliver robust returns from its nickel, copper and cobalt production over the initial mine life of eight plus years.

With the Savannah Project development fully funded, the sale proceeds from Lanfranchi will strengthen our balance sheet, placing the Company on a sound footing as we ramp up to full production from the new Savannah North orebody as well as providing flexibility to fund regional exploration activities and other growth initiatives."

The transaction is expected to be completed during the December 2018 quarter and is subject to certain customary conditions precedent for a transaction of this nature, including FIRB approval, and any other necessary regulatory and/or third-party approvals or consents. The SPA contains a number of customary terms such as warranties and indemnities provided by Panoramic in favour of Black Mountain.

Hartleys Limited is acting as Panoramic's financial adviser and Geoff Rogers is Panoramic's legal adviser in respect of the Transaction.

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 pending a sustained recovery in the nickel price.

After delivering an updated feasibility study on the Savannah Project in October 2017, securing an offtake customer and putting in place project financing for up to A\$40 million in July 2018, the Company has made the decision to restart operations at Savannah with first concentrate on schedule to be delivered early in the March 2019 quarter.

Apart from the nickel, copper and cobalt inventory at Savannah the Company has a diversified resource base including 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.

At 30 June 2018, Panoramic had \$19.6 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.

**For further information contact:
Peter Harold, Managing Director
+61 8 6266 8600**