

6 January 2020

Preliminary December 2019 Quarterly Statistics

Key Points

- **Safety** – sustained improvement in performance, no LTIs recorded
- **Development** – Savannah North orebody reached on 18 November 2019; 60m of ore development along strike completed by end of quarter; transition of mining to Savannah North expected to drive strong ramp-up in contained metal production through CY2020
- **Total Development Progress** – 1,097m, a 4% increase on previous quarter
- **Mine Operating Strategy** – tender process commenced for contract underground mining to replace current owner-operator mining
- **Ore Milled** – 129,184t at 0.97% Ni, 0.57% Cu and 0.05% Co; tonnes up 7%, Ni grade down 26%, Cu grade down 25% on previous quarter; as previously flagged, lower grades were a function of stope sequencing on the Savannah remnant ore reserves and localised elevated dilution
- **Metallurgical Recoveries** – 83.0% Ni, 93.9% Cu and 87.2% Co; broadly in line with target recoveries despite lower feed grades
- **Metal Production** – 1,042t Ni, 695t Cu and 55t Co in concentrate; Ni down 22%, Cu down 19% on previous quarter
- **Concentrate Shipped** – 14,866dmt, down 6% on the previous quarter; next shipment departing on 11 January 2020 with approx. 5,100dmt
- **Raise Bore** – advanced 210m (60% completed); now paused - recent ground conditions have prompted an evaluation of options to complete the raise safely and reliably
- **Equity Raising** – conditionally underwritten 1-for-6 accelerated pro-rata non-renounceable rights issue announced, raising up to approximately \$31M (after costs); retail component closes on 10 January 2020
- **Zeta Bridging Loan** – \$10.5M bridging loan received from major shareholder, Zeta, in early December; repayment to be via set off from Zeta's participation in the pro-rata offer
- **Third Party Discussions** – continuing to provide due diligence access to third parties and remain in discussions around the potential for a transaction proposal to be put to Panoramic
- **Group Cash** – \$14.9M in available and restricted (\$180K) cash

Directors

- PETER SULLIVAN**
Non-Executive Chairman
- VICTOR RAJASOORAR**
Managing Director & CEO
- NICHOLAS CERNOTTA**
Lead Independent
Non-Executive Director
- REBECCA HAYWARD**
Non-Executive Director
- GILLIAN SWABY**
Non-Executive Director
- MICHAEL BALL**
CFO
- TREVOR ETON**
Company Secretary

Safety

No lost time injuries (LTIs) were recorded in the December 2019 quarter. Sustained effort continues to build a stronger, more accountable safety culture.

Production

Ore mined for the quarter was 129,522t at 0.98% Ni, 0.57% Cu and 0.05% Co. Mined tonnes were up 9% and Ni grade was down 21% on the previous quarter. The mine plan anticipated lower head grades during the quarter, related to the stoping sequence in the Savannah remnant ore reserves. However, as previously flagged, dilution was higher than expected due to localised hangingwall instability on the 1665 level. Production from Savannah remnant ore reserves proceeded in accordance with the modified mining sequence established after the July 2019 seismic event, as reported in the September 2019 Quarterly Report. It is expected that average mined grades will progressively improve over second half FY2020 as Savannah North ore production ramps up and access is gained to higher grade Savannah remnant stoping blocks.

The underground equipment reliability issue is currently being addressed via a tender process to engage an experienced underground mining contractor. Proposals were received in December 2019 and are being reviewed with a decision on preferred contractor expected to be made in January 2020. The awarded contractor will be required to rapidly mobilise to site a new fleet of equipment with the commencement of the contract shortly thereafter. While the tender process is in progress, a development contractor, GBF Underground Mining (“GBF”), a subsidiary of Macmahon Holdings Limited (ASX:MAH), was engaged in December 2019 on a short-term contract to focus on accelerating development in the critical Savannah North headings. GBF commenced work on 28 December 2019 and has delivered positive initial results. The paste backfill constraint was largely resolved by the end of November 2019 by adjusting the campaign milling strategy to synchronise milling more closely to backfill requirements, coupled with the increased use of waste rock as an alternate source of backfill.

Ore milled for the quarter was 129,184t at 0.97% Ni, 0.57% Cu and 0.05% Co. Average metal recoveries of 83.0% Ni, 93.9% Cu and 87.2% Co were all broadly in line with expected recovery. Paste fill placement was 34,295m³, a 12% increase on the previous quarter.

Concentrate shipped for the quarter was 14,866dmt, containing 1,018t Ni, 668t Cu and 53t Co. Concentrate on hand at 31 December 2019 was 3,215dmt, valued at A\$4.0M. The next shipment is due to depart Wyndham on 11 January 2020 with approximately 5,100dmt of concentrate on board.

Savannah North Development

Total lateral development was 1,097m, a 4% improvement on the previous quarter. The access decline reached the target level for first level access and on 18 November 2019, the 1381 crosscut intersected the Savannah North orebody. By the end of December, 60m of orebody strike drive development was completed, yielding approximately 6,400t of development ore. Decline and incline ramp advance continues in parallel with orebody development on the 1381 level. The current quarter will see additional ore development levels opened up prior to the commencement of stoping activities later in the quarter.

The Savannah North raise bore advanced 210m over the quarter, with approx. 60% (535m) now completed. In late December 2019, ground instability inside the raise again impacted on progress. Reaming has been paused while a remote laser-scanning survey of the bore is conducted and an assessment is undertaken of a range of alternative options for completing the residual 340m of the raise safely and reliably.

A final decision on the preferred option is expected to be made in late January 2020, following completion of the down-hole survey and detailed analysis of options. One option is to develop an intermediate access, 600m in length, to intersect the raise just above the currently completed level. Following completion, this access would be used to allow reconnection of the reaming head in order to resume excavating the remaining 340m through to surface without interaction with the already completed section of the raise. Preliminary assessment of the impact of this intermediate access option estimates an additional \$4–5 million in cost with completion expected in the September 2020 quarter.

The flexibility afforded by the existing twin decline ventilation circuit to Savannah North is expected to provide enough ventilation capacity to largely compensate for any impact, provided that the new facility is commissioned prior to the summer of 2020/21.

In-fill drilling of the Savannah North Resource continued through the quarter with 8,495 drill metres completed. Drilling mainly focussed on increasing drill-hole density in the areas scheduled to be mined in FY2021.

Equity Raising

On 5 December 2019, and as a result of the updated FY2020 production guidance and softening in the US\$ nickel price, the Company announced a conditionally underwritten 1-for-6 accelerated pro rata non-renounceable rights issue at an offer price of \$0.30 per share to raise up to approximately \$31 million (after costs). The accelerated Institutional component was completed on 9 December 2019 raising \$3.9 million and a further \$2.5 million in shortfall commitments, together with any shortfall not subscribed for under the Retail entitlement offer, being subject to shareholder approval at a General Meeting of Shareholders to be held on 13 January 2020.

The Retail component opened on 12 December 2019 and closes on 10 January 2020. Major shareholder, Zeta Resources Limited (“Zeta”), has committed to take-up its pro-rata entitlement subject to applicable laws. Settlement of the new shares taken up under the Retail component, any shortfall and the conditional Institutional component is expected to be allotted on 17 January 2020. Morgans Corporate Limited has committed to underwrite any shortfall, subject to shareholder approval, with Directors also offering to sub-underwrite to a total value of \$295,000.

Zeta Bridging Loan

On 25 November 2019, the Company announced an agreement with Zeta for a low-cost \$10.5 million unsecured bridging loan. The loan has provided the Company with the financial flexibility to meet its short-term working capital requirements, pending the completion of the pro-rata rights issue in January 2020. Repayment of the loan is to be via set off from Zeta’s participation in the rights issue.

Third Party Discussions

Independence Group NL has declared its intention to allow its unsolicited off-market takeover offer for Panoramic (originally announced on 4 November 2019) to lapse on 17 January 2020.

The Company continues to provide due diligence access to third parties. While no third party proposals have yet been received, and there can be no guarantee that any such proposals will emerge, the Company remains in discussions around the potential for a transaction proposal to be put to Panoramic.

Group Cash

Group Cash (available and restricted (\$180,000)) at the end of the quarter was \$14.9 million. This cash includes \$10.5 million of the Zeta Bridging Loan proceeds and \$3.9 million of the Institutional component of the rights issue received in December, but excludes expected cash from the Retail component of the rights issue and the Institutional shortfall shares, both expected to be received in January 2020. This is expected to provide a further \$18.3 million in cash (before costs and after repayment of the Zeta loan).

Quarterly Report

The full December 2019 Quarterly Report is expected to be released in late January 2020.

This ASX release was authorised on behalf of the Panoramic Board by: Victor Rajasooriar, Managing Director & CEO

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