

ASX ANNOUNCEMENT

21 February 2020

Savannah North development update

HIGHLIGHTS

- Savannah North ventilation rectification works to be implemented on previously guided timeframe and at lower end of expected cost
- No material impact expected on current Savannah Mine production schedule
- First stoped ore from Savannah North deposit on schedule for March 2020
- Progressive ramp-up of ore volumes from Savannah North expected through calendar 2020

Panoramic Resources Limited (ASX: PAN) (**Panoramic** or the **Company**) provides an update on key development activities at its Savannah Nickel Mine.

Savannah North ventilation raise

A detailed implementation plan has now been established for resolving the recent geotechnical challenges encountered in developing the Savannah North ventilation raise (as outlined in Panoramic ASX release dated 6 January 2020). This plan has been developed following successful completion of a down-hole laser scan and video inspection to pinpoint the areas of instability within the raise.

A 490m long access drift is set to be developed across from the Savannah decline to intersect the partially completed ventilation raise approximately 690m below the surface collar, and approximately 70m above the zone of instability confirmed by the recent down-hole survey. Figure 1 shows the planned location of the access drift and intersection point with the ventilation raise.

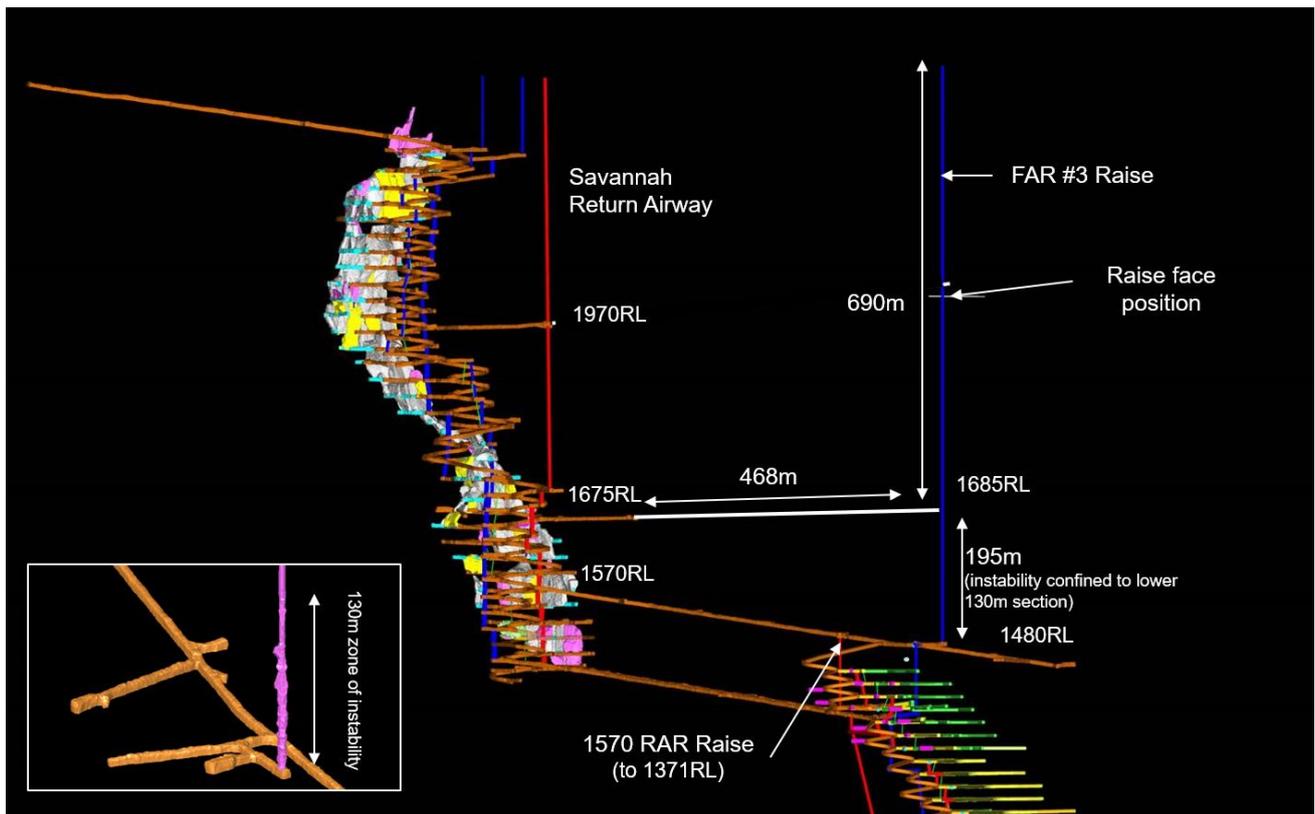
The drift development work is set to be carried out by the recently appointed Savannah underground mining contractor, Barmenco. Raise-boring specialist, RUC, will then proceed to complete the raise bore drilling and commission the intake shaft.

Panoramic's final estimate of incremental capital associated with the additional ventilation works is approximately A\$4 million (which is at the lower end of the previously announced initial estimate of A\$4-5 million). Expected completion timing remains during the September 2020 quarter.

Modelling of ventilation capacity during and following execution of this plan confirms that there should be sufficient primary airflow available to allow the planned production ramp-up of the Savannah Mine to proceed in accordance with the existing forecast schedule.

The new lateral access has the additional benefits of providing ongoing flexibility to monitor the lower section of the raise and allowing for easier implementation of any further stabilisation measures, if required in the future.

Figure 1: Schematic layout for the FAR 3 (Savannah North ventilation raise) implementation plan



Savannah North mining

As previously announced, Panoramic accessed first development ore from the Savannah North deposit in November 2019. Ore development driving in the 1381 level continues and concurrent development has commenced on the 1361 level, providing a second independent source of ore from Savannah North.

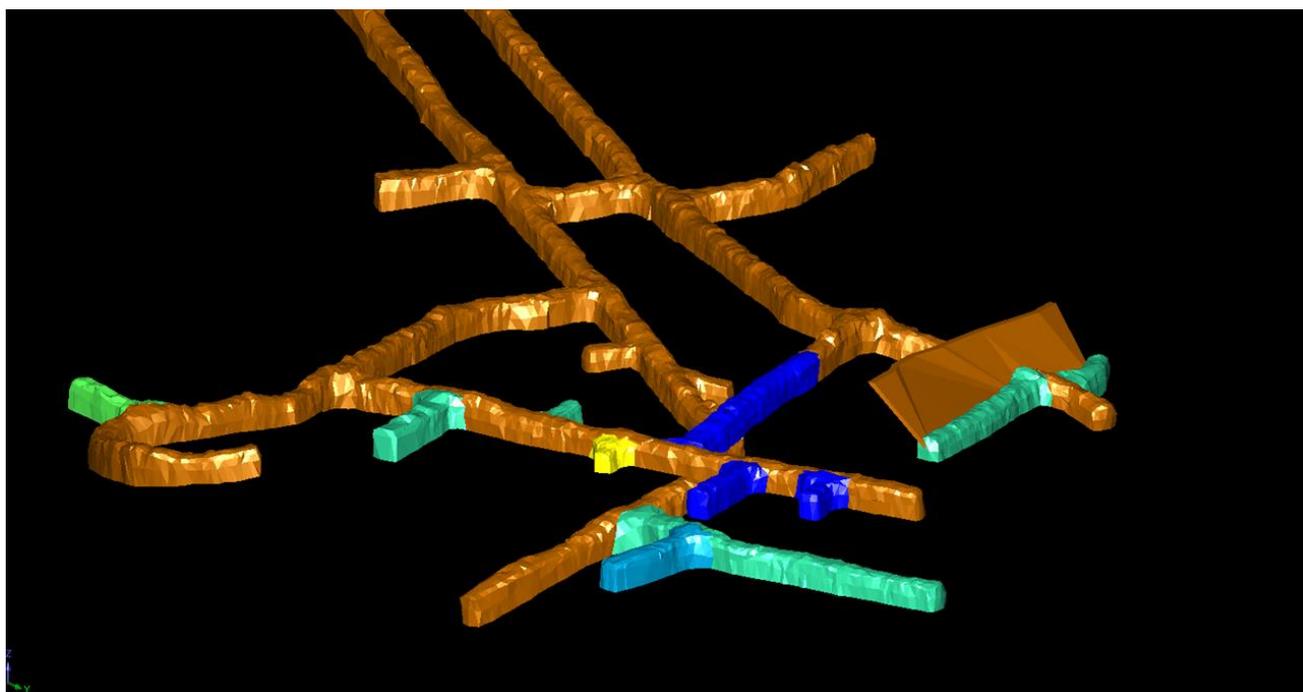
Panoramic expects to have opened four ore headings in Savannah North by the end of February 2020. This is in preparation for expected commencement of stope operations during March 2020, as per previous guidance.

The location of the first stope in Savannah North (1381 Level - West) is shown in Figure 2. It contains approximately 5,000 tonnes of ore and mining of it is scheduled to commence in mid-March.

Progressive ramp-up of stope ore volumes from Savannah North is then expected through calendar 2020.

Key operational issues to date during the re-start of the Savannah Mine have predominantly been associated with remnant mining of the previously mined Savannah orebody. The progressive increase in the proportion of ore sourced from Savannah North within the Savannah Mine schedule (relative to diminishing quantities of mined remnant ore from the Savannah orebody) is expected to be a key driver of improved operational performance at the Savannah Mine over the next 12 months.

Figure 2: Location of planned 1st stope in Savannah North 1381 Level - West



This ASX release was authorised by the Board of Panoramic Resources.

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