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ASX ANNOUNCEMENT

25 May 2020

Strategic Investment and Equity Raising

KEY POINTS

- Equity raising to recapitalise Panoramic, de-risk the restart of the Savannah Nickel Mine and fund project enhancement initiatives.
- Fully underwritten institutional placement and 1.15-for-1 entitlement offer to raise up to approximately A\$90 million.
- Western Areas Limited to take a strategic investment in Panoramic resulting in a pro-forma shareholding of up to 19.9%.
- New Shares to be issued at A\$0.07 per share.
- Facilitates reinstatement to official quotation on the ASX (pending successful completion of the institutional placement and institutional component of the entitlement offer).
- Offer proceeds (after costs) to be used for the repayment of Panoramic's debt facilities, payment of creditors and general working capital, care and maintenance costs, key development activities at Savannah and targeted exploration.
- Nick Cernotta appointed Independent Non-Executive Chairman, Peter Sullivan to remain Non-Executive Director

Panoramic Resources Limited (ASX:PAN) ("**Panoramic**" or the "**Company**") is pleased to announce that it is conducting a fully underwritten institutional placement and accelerated pro rata non-renounceable entitlement offer to raise up to approximately A\$90 million, collectively the "**Offer**"¹.

Panoramic is undertaking the Offer to recapitalise the Company and fund operational initiatives designed to enhance the economics of the Savannah Nickel Mine ("**Savannah**") as well as de-risk its restart. Sources and uses of funds are outlined in Table 1 and Table 2.

Table 1: Sources of funds

Sources of funds	A\$M
Offer proceeds	90.1
Total	90.1

¹ Panoramic has notified ASX that it intends to rely on the class waiver decision "Temporary Extra Placement Capacity" issued by ASX on 31 March 2020 to increase its placement capacity under ASX Listing Rule 7.1 from 15% to 25%, and to include in its calculation for the purposes of Listing Rule 7.1 the number of New Shares that may be issued under the underwritten component of the Entitlement Offer.

Table 2: Uses of funds

Uses of funds	
Senior loan repayment ²	25.2
Subordinated loan repayment ³	8.9
General working capital and Offer costs (net of cash and receivables) ⁴	18.2
Suspension, care and maintenance costs (initial and ongoing) ⁵	17.4
Savannah North capital development	19.4
Exploration	1.0
Total uses of funds	90.1

Board changes

Effective immediately, Peter Sullivan will become a Non-Executive Director and Nick Cernotta will become Independent Non-Executive Chairman.

Panoramic's Managing Director and CEO, Victor Rajasooriar, commented:

"Peter stepped up to take on the Chairman role in order to provide much needed continuity during a time of significant Board and management change. However, with the significant recapitalisation of the Company as a result of the Offer and the introduction of a new strategic shareholder, Peter has formed the view that it was the right time to transition to a new, independent Chairman. The company sincerely thanks Peter for providing stable and principled leadership during his short, but intensive, time as Chairman. I look forward to continuing to work with Nick, now in his new capacity as our Independent Chairman."

"I'd also like to take this opportunity to sincerely thank all of our employees, contractors and suppliers who have stood by the Company during this extraordinary time. Their loyalty and support have been crucial to the success of the Offer and the future of Savannah North."

Strategic investment

Western Areas Limited (ASX:WSA) ("**Western Areas**") will invest in Panoramic via participation in the Placement and as a partial sub-underwriter to the retail component of the Entitlement Offer resulting in a proforma shareholding of up to 19.9%.

Western Areas will have the right, but not the obligation to appoint a suitably qualified person to replace an existing director of the Panoramic Board, subject to:

² Balance of senior debt, estimated interest and fees to expected date of facility repayment, net of repayment from proceeds account balances. Refer to ASX Announcement dated 22 May 2020.

³ Balance of subordinated debt plus estimated make whole and interest assuming the facility is repaid by 30 June 2020. The make whole reflected in the table constitutes the maximum make whole payable if shareholders did not approve the options associated with the facility and the Horizon share sale, provided the facility is fully repaid by 30 June 2020. The make whole would be reduced if shareholder approval was provided for either or both resolutions.

⁴ General working capital and Offer costs comprise payments to creditors and royalties totaling approximately \$30.7 million and offer costs of approximately \$4.1 million, net of cash and receivables of approximately \$16.7 million. Receivables include net sales receipts, GST receivable, Thunder Bay sales proceeds due on completion of approximately \$4.7 million and Horizon sales proceeds of approximately \$3.4 million (both expected to be received – refer to Prospectus for full details and outline of associated risks).

⁵ Expected to fund up to a 14 month period of suspension.

- the Company being satisfied with the person nominated by Western Areas, acting reasonably; and
- the Company's receipt of the nominated person's consent to act as a non-executive director of Panoramic.

Where Western Areas' ownership in the Company falls below 10%, Western Areas will immediately procure that any director nominated by it will resign immediately from the Company's Board.

WSA has also stated that it does not intend to sell any New Shares it is issued under the Placement before the New Shares are issued in respect of the Retail Entitlement Offer.

Further details of the investment by Western Areas is provided in the Prospectus.

Panoramic's Independent Non-Executive Chairman, Nick Cernotta, commented:

"It is with pleasure that we welcome Western Areas to the Panoramic share register. Western Areas is a successful long-term nickel producer with a reputation for technical and operating excellence. We believe that their strategic investment in Panoramic provides strong encouragement for our decision to continue capital development and review the mine plan at Savannah for an eventual restart in operations. We look forward to collaborating with Western Areas to maximise the full potential of Savannah North."

Western Areas' Managing Director and CEO, Dan Lougher, commented:

"Western Areas is pleased to support Panoramic's equity raising. This investment is consistent with our growth strategy and increases our exposure to the emerging New Energy Vehicles ("NEV") market dynamic. We are encouraged by the development potential of the Savannah North orebody and believe Panoramic's decision to continue to invest in capital development will position the operation well for the projected upswing in nickel, copper and cobalt demand driven by the NEV thematic. The capital raising will ensure Savannah is production ready for when a decision is made to restart operations. We are also excited by the near-mine and regional exploration opportunities at Savannah."

About Western Areas Limited

Western Areas' main asset, the 100% owned Forrestania Nickel Project, is located 400km east of Perth in Western Australia, producing approximately 21,000 to 22,000 nickel tonnes in concentrate per annum from its Flying Fox and Spotted Quoll mines. Western Areas' key growth project is the Odysseus mine located at the Cosmos Nickel Operation, 30km north of Leinster. With a long, ten year mine life and low operating cost, the Odysseus mine will underpin the Western Areas' nickel production well into the future.

Equity raising details

Panoramic is conducting the fully underwritten Offer to raise up to approximately A\$90 million, comprising:

- Institutional placement of up to approximately 410 million new fully paid ordinary shares in Panoramic ("**New Shares**") to raise up to approximately A\$29 million ("**Placement**"); and
- A 1.15 for 1 accelerated pro rata non-renounceable entitlement offer of up to approximately 878 million New Shares to raise up to approximately A\$61 million ("**Entitlement Offer**")

The Entitlement Offer provides eligible shareholders the opportunity to subscribe for 1.15 New Shares for every existing share held as at Wednesday 5PM Western Standard Time (**WST**) 27 May 2020 ("**Record Date**").

All New Shares offered under the Offer will be issued at a price of A\$0.07 per New Share, which represents a:

- 41.7% discount to the last traded price of A\$0.12 on 9 April 2020⁶; and

⁶ Panoramic has been in voluntary suspension since 15 April 2020 (Please refer to ASX Announcement dated 15 April 2020) and was in a trading halt on 14 April 2020 (Please refer to ASX Announcement dated 14 April 2020).

- 21.0% discount to the Theoretical Ex-Rights Price (“TERP”) of A\$0.089⁷.

The Offer is fully underwritten by Canaccord Genuity (Australia) Limited and Morgans Corporate Limited. Material terms of the underwriting agreement, including fees, are set out in the Prospectus. This provides Panoramic with the funding certainty required to successfully implement its recapitalisation strategy.

The purpose of the Entitlement Offer and the Placement is to raise funds for:

- senior loan repayment (including estimated interest);
- subordinated loan repayment (including estimated make whole and interest);
- general working capital (which includes payments to creditors and royalties) and Offer costs;
- suspension costs, care and maintenance costs (initial and ongoing);
- development activities required for restart, including completion of critical ventilation infrastructure required for Savannah North development; and
- exploration.

It is intended that the funds raised from the Offer will be first applied to repaying the Company’s senior loan under the Savannah Facility Agreement followed by the Issuer’s subordinated loan under the Zeta Facility followed by general working capital (including payment of the Company’s creditors). The Prospectus sets out key terms of the underwriting agreement and how the Company will use the funds received from the Placement and Entitlement Offer, including that the Board reserves the right to alter the way in which funds are applied. Each New Share issued under the Offer will rank equally with existing fully paid ordinary shares in Panoramic on issue. Panoramic will, upon issue of the New Shares under the Offer, seek quotation of the New Shares on the ASX.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1.15 New Shares for every 1 existing Share held as at the Record Date.

Eligible institutional shareholders will be invited to participate in the accelerated institutional component of the Entitlement Offer (“**Institutional Entitlement Offer**”), which is being conducted today, Monday, 25 May 2020, along with the Placement.

The retail component of the Entitlement Offer (“**Retail Entitlement Offer**”) will be open from Monday, 1 June 2020 to 5pm WST on Friday, 12 June 2020 to Panoramic shareholders on the Record Date:

- who have a registered address in Australia, New Zealand, or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Shares under the Entitlement Offer and who is not offered to participate in the Institutional Entitlement Offer;
- who are not offered to participate in the Institutional Entitlement Offer; and
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent that such eligible retail shareholders hold shares for the account or benefit of such other person in the United States).

The Prospectus in respect of the Offer has been lodged with the ASX today and is expected to be mailed to eligible retail shareholders on Monday, 1 June 2020. Eligible Retail Shareholders who have applied for their entitlement under the Retail Entitlement Offer will also be entitled to apply for additional New Shares over and above their entitlement, up to a maximum of 50% above their entitlement, subject to the Board’s discretion to

⁷ The theoretical ex-rights price is the theoretical price at which Panoramic shares should trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Panoramic’s shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to Panoramic’s closing price of A\$0.12 on 9 April 2020. The TERP also includes New Shares to be issued under the Placement.

scale back applications for additional New Shares. Panoramic’s Board will exercise its discretion in the interests of shareholders, but will scale back applications, inter alia, to the extent required by applicable laws and policy, and to allow Western Areas to maintain up to a 19.9% shareholding in Panoramic on issue of the shortfall in respect of the Retail Entitlement Offer.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferable.

Canaccord Genuity (Australia) Limited has been appointed as nominee to sell the New Shares that might have otherwise been issued to ineligible foreign shareholders. The Company has obtained in-principle ASIC approval for the appointment of the nominee on 22 May 2020, pursuant to section 615 of the *Corporations Act 2001* (Cth) (“**Corporations Act**”). Further details regarding this appointment are set out in the Prospectus.

Canaccord Genuity (Australia) Limited and Morgans Corporate Limited are acting as joint lead managers, bookrunners and underwriters to the Offer. Hartleys Limited are co-manager to the Offer.

Azure Capital are acting as financial advisor and Gilbert + Tobin as legal counsel to Panoramic in relation to the Offer.

Offer timetable

An indicative timetable of key dates in relation to the Offer is outlined in Table 3.

Table 3: Indicative Offer timetable

Event	Date
Announcement and launch of Placement and Entitlement Offer	Monday, 25 May 2020
Lodgement of Prospectus with ASIC and ASX	Monday, 25 May 2020
Announcement of results of Institutional Entitlement Offer and Placement	Wednesday, 27 May 2020
“Ex” date (date Shares are quoted ex-rights) (<i>trading recommences</i>)	Wednesday, 27 May 2020
Record Date to determine Entitlements	Wednesday, 5PM WST 27 May 2020
Prospectus and Entitlement Offer Acceptance Form despatched	Monday, 1 June 2020
Retail Entitlement Offer opens	Monday, 1 June 2020
Settlement of Institutional Entitlement Offer and Placement	Monday, 1 June 2020
Retail Entitlement Offer closes	Friday, 5PM WST 12 June 2020
Announcement of results under Retail Entitlement Offer	Wednesday, 17 June 2020
Settlement of Retail Entitlement Offer	Thursday, 18 June 2020

Note: The timetable above is indicative only and may be subject to change. Panoramic reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Panoramic reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares.

Creditor arrangements

Panoramic has negotiated forbearance agreements with its creditors including Barmenco Limited whereby those creditors have agreed to standstill or forbear on enforcement against the Company in respect of amounts due by the Company. Further information regarding those forbearance agreements is contained within the Prospectus.

Macquarie Bank Limited has provided a standstill on any acceleration or enforcement action against the Company in respect of the Savannah Facility Agreement (unless certain circumstances exist) to assist the Company with conducting the Offer. Zeta Resources Limited ("**Zeta**") and the Company have entered into a waiver deed under which Zeta has given several waivers in relation to certain covenants under the Zeta Loan Facility (see ASX announcement dated 3 April 2020) to assist the Company with conducting the Offer and entering the forbearance agreements with creditors. Further information regarding those documents is contained within the Prospectus. Additionally, Zeta has indicated that:

- it will not participate in the Placement;
- that it may subscribe for up to \$10 million of New Shares under the Retail Entitlement Offer; and
- in any event it will subscribe for not less than \$4.5 million of New Shares under the Retail Entitlement Offer, with the subscription price of \$4.5 million to be set off against the amount owing to Zeta under the Zeta Loan Facility and any subscription price exceeding that amount to be settled in cash.

As such, it is expected that Zeta's shareholding will be diluted as a result of the Offer. Further information regarding those documents is contained within the Prospectus.

Further information

Further details of the Offer are set out in the Investor Presentation and Prospectus also lodged on the ASX today. The Investor Presentation and Prospectus contain important information including key risks and foreign selling restrictions with respect to the Offer.

If you have any questions in relation to the Offer, please contact the Company Secretary by phone on +61 8 6266 8600 between 8:30am and 5:00pm (WST) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

This ASX release was authorised by the Board of Panoramic.

For further information contact:

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