



28 July 2021

## Quarterly Activities Report for the period ending 30 June 2021

### Summary

- Board approval received for restart of operations at Savannah following detailed financial and technical assessment, resulting in robust project economics and attractive financial outcomes.
- Spot nickel prices over the quarter averaging US\$7.87/lb (A\$10.23/lb), exceeding the already attractive base case scenario<sup>1</sup> using base case nickel price of US\$7.28/lb (A\$9.63/lb).
- Four-year, \$280 million underground mining and development contract finalised with leading hard-rock underground mining contractor Barmenco, a subsidiary of Perenti Group (ASX:PRN).
  - New equipment and operators have mobilised to site, with additional new equipment expected to arrive as mining activities ramp up.
- Underground mining and development activities at Savannah commenced ahead of schedule, with build-up of ore stockpile underway.
- Panoramic bolsters owners' team with new key management and technical staff following successful recruitment process in a tight labour market.
- Ore processing scheduled to commence in November 2021, with first concentrate shipment expected in December 2021.

### CORPORATE

- Requisite conditions precedent met for the Trafigura-funded US\$45 million Savannah finance facility with first draw-down expected in the September 2021 quarter.
- Receipt of C\$3.75 million relating to the sale of the Thunder Bay North Project (May 2020) which included the first of three deferred instalment payments of C\$1.5 million.
- Great Northern Palladium exercises option to acquire remaining 20% interest in Panton PGM Project for A\$3.0 million.
- Group Cash – \$24.5 million available at quarter end.

Panoramic Managing Director and CEO, Victor Rajasooriar commented:

*"I am extremely pleased with the progress that the Company has made with respect to the restart of Savannah over what has been a very busy period. Through a concerted, collaborative effort, Panoramic and its partners have managed to execute on our near-term objectives in a safe and efficient manner, and in some cases, ahead of schedule. All the work we've completed to date on the restart has been to set ourselves up for success at Savannah, and I'm looking forward to continued momentum as we move towards first concentrate production in the December quarter in a very strong nickel and copper price environment."*

## Nickel – Savannah Project

### Savannah Restart Decision

Early in the quarter, the Board of Panoramic approved the restart of the Company's Savannah Nickel Operation following a rigorous 12-month assessment and study process designed to reduce risk, drive efficiencies and ultimately deliver attractive financial outcomes.

The restart strategy adopts a contractor model for mining and processing in order to reduce execution risk while incentivising outperformance. The modelled outcomes underpinning the restart decision are built on the Ore Reserve and Life of Mine Plan of July 2020 (refer to ASX announcement dated 31 July 2020 titled Updated Savannah Ore Reserve and Mine Plan). The financial model includes more up-to-date consensus commodity price and exchange rate assumptions, current industry cost inflation allowances, the new operating model and completion of early works.

### Commencement of Mining Ahead of Schedule

As part of the restart decision a Letter of Intent (LOI) was issued to preferred contractors, Barminco (a subsidiary of Perenti Group (ASX:PRN)) and Primero (a subsidiary of NRW Holdings (ASX:NWH)) for underground mining and processing respectively.

In early July underground mining commenced at Savannah following the execution of a four-year underground mining contract with Barminco valued at approximately A\$280 million. Underground mining and development activities at Savannah commenced ahead of schedule as per the original LOI after the early mobilisation of new equipment and operators to site. Concurrently, Panoramic successfully undertook a recruitment process to build the owners' team from less than 10 to over 30 employees, including important additions to the mining engineering and geology teams.

By October 2021, more than 50% of underground ore is scheduled to be consistently sourced from Savannah North, rising to more than 60% by mid-2022 and continuing to increase as the Savannah remnants are depleted.

With the restart of mining and development operations at Savannah, the building of a 100kt ore stockpile at surface has commenced. The aim of this strategy is to reduce process throughput risk by ensuring ample ore feedstock is available for processing ahead of the planned plant commissioning in November 2021. The first shipment of concentrate from Wyndham Port is scheduled for December 2021.

### Board Site Visit and Smoking Ceremony

A site visit to Savannah was held during the quarter with the Board of Panoramic attending to observe the progress of mobilisation to site, inspection of recently completed capital works and to attend a traditional Muntha or Welcome to Country smoking ceremony hosted by the traditional owners of the land on which Savannah operates. Elders representing the Purnululu and Malarngowem people, along with family and junior students from the Purnululu school, attended the ceremony held at the entrance to the Kurrumuluny decline.

Feedback from the community has been very positive, with many feeling that the ceremony and subsequent social gathering has reinvigorated the strong working relationship between the mine and community. Panoramic's commitment to maintaining positive relationships and communication between the mine, Traditional Owners and the broader Kimberley community is an essential part of its core values.

## Exploration

### Drill Targets at Savannah and Savannah North

Limited on-ground exploration activities were undertaken during the quarter with the focus on target refinement and preparation for the recommencement of drilling in August 2021.

Recent studies undertaken to support drill target identification at Savannah and Savannah North culminated in the focus on three key targets: T1 – Savannah, above the 900 fault, T2 - Savannah, below the 900 fault, and T3 – eastern extensions of Savannah North (see image below).

Testing of these targets will be via a 15,000m drill program to be carried out by DDH1, our contractor who has built an extensive knowledge of the site over the last 10-year period. The drill program has had \$3 million committed to it over the next 12 months and will commence in August 2021.

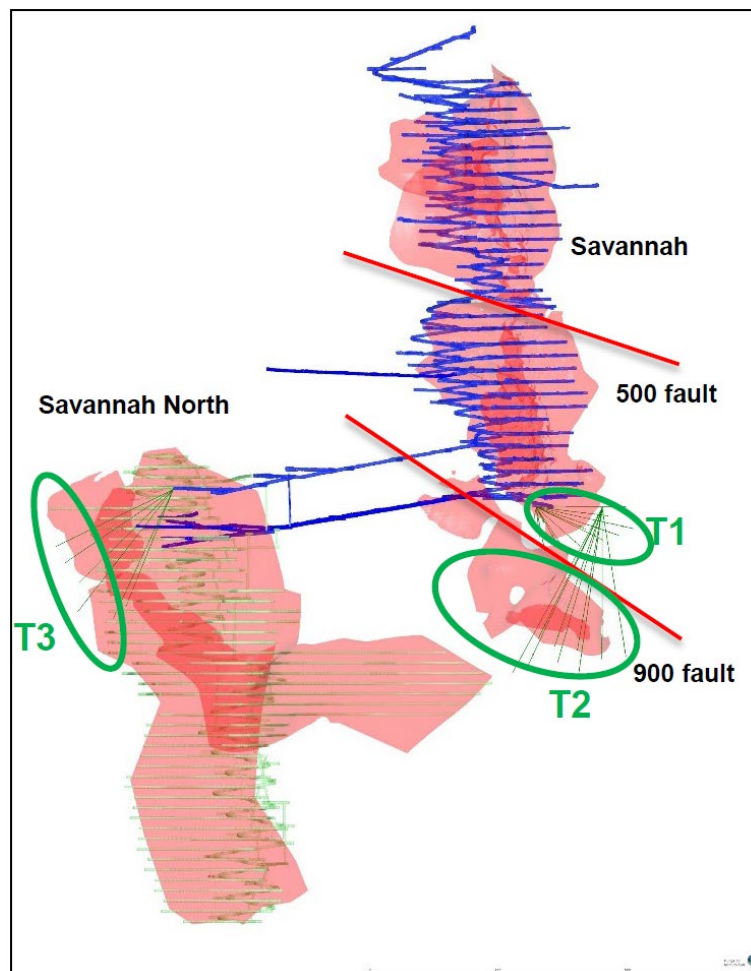


Figure 1: Drill targets at Savannah and Savannah North

## Corporate

### Satisfaction of Conditions Precedent for Drawdown from Loan Finance Facility

During the quarter all conditions precedent relating to the secured loan financing facility with Trafigura Group (Trafigura) were met, including the execution and registration of security documents.

As announced on 6 April 2021, the Company has obtained a US\$45M secured loan financing facility with Trafigura. The facility comprises a US\$30M five-year Prepayment Loan Facility and a US\$15M Revolving Credit Loan Facility that has an 18-month term. Both facilities have favourable terms and require no mandatory hedging.

Following completion of all conditions precedent, the Company now expects first draw down of the facility to occur in the September 2021 quarter. The Company is fully funded to restart the Savannah Nickel Project from a combination of cash on hand as at 30 June 2021 of \$24.5M, the US\$45M secured loan financing facility and operational cash flows post commissioning.

In combination with the financing, Panoramic entered into a new five-year nickel and copper concentrate offtake agreement with Trafigura which commences in February 2023 at the end of the existing offtake agreement with Jinchuan.

### Thunder Bay North Sale Proceeds

During the quarter Panoramic received C\$3.75 million relating to the sale of the Thunder Bay North Project.

This comprised the release of funds held in trust totaling C\$2.25 million following the receipt of a Clearance Certificate from the Canadian Revenue Agency being a Canadian Income Tax requirement. The remaining C\$1.5 million received formed the first of three deferred consideration instalment payments. The final two C\$1.5 million payments will be received in May 2022 and May 2023.

### Sale of Remaining Interest in Panton PGM

During the quarter Great Northern Palladium (GNP) exercised its option to purchase the remaining 20% interest in the Panton PGM Project (Panton) that it did not already own for a payment to Panoramic of A\$3 million. The option was held by GNP following its purchase of an 80% interest in the Panton PGM Project from Panoramic for \$A12 million in December 2020.

Following exercise of the option, Panoramic no longer holds an interest in Panton.

### Group Cash

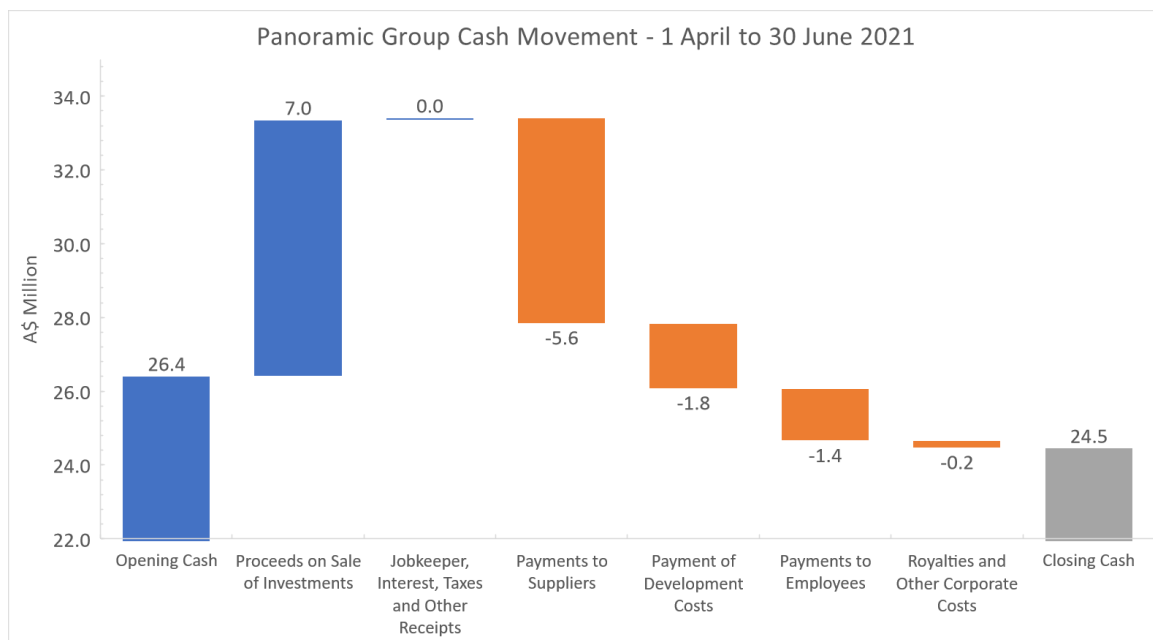
Group cash as at 30 June 2021 totalled \$24.5 million. The movement in the cash position during the quarter included the following key items:

#### Inflows

- \$7.0 million received from the sale of Thunder Bay North (instalment) and Panton PGM Project (remaining 20% ownership interest).

#### Outflows

- \$6.9 million on Savannah site costs (capital / operating / suspension costs); and
- \$2.0 million on corporate and finance lease costs.





1. For full details refer to ASX release *Restart of Savannah Nickel Operation*, 6 April 2021. Base Case pricing of (US\$16,055/t Ni, US\$8,750/t Cu, US\$50,692/t Co) and AUD:USD rate of 0.76

## Competent Person

The information in this release that relates to Exploration Planning at Savannah is based on information compiled by Andrew Shaw-Stuart. Andrew Shaw-Stuart is a member of the Australian Institute of Geoscientists (AIG) and is a full-time employee of Panoramic Resources Limited.

The aforementioned has sufficient experience that is relevant to the style of mineralisation and type of target/deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Shaw-Stuart consents to the inclusion in the release of the matters based on the information in the form and context in which it appears.

## Forward looking statements

This announcement may contain certain “forward-looking statements” which may not have been based solely on historical facts, but rather may be based on the Company’s current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the Countries and States in which we operate or sell product to, and governmental regulation and judicial outcomes. For a more detailed discussion of such risks and other factors, see the Company’s Annual Reports, as well as the Company’s other filings. The Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement” to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## About Panoramic

Panoramic Resources Limited (ASX: PAN) is a Western Australian company which owns the Savannah Nickel Project in the East Kimberley. Panoramic successfully commissioned and operated the Project from 2004 until 2016 before the mine was placed on care and maintenance. Following the discovery of the Savannah North orebody, the mine was recommissioned in 2018 before operations were temporarily suspended in 2020. Panoramic has completed an updated Mine Plan for Savannah which has outlined an attractive near-term nickel sulphide mine restart opportunity. Following the completion of a ventilation shaft for the Savannah North deposit, additional underground capital development and ancillary works, the Board of Panoramic approved the restart of Savannah in April 2021 with a target of first concentrate shipment by the end of 2021.

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

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