News Release

30 August 2017

PANORAMIC RESOURCES LTD

VISION | COMMITMENT | RESULTS

ASX:PAN

FY2017 Full Year Results

Key Points

- **Net Revenue** - $9.0 million
- **Cash flow from operating activities** - $7.9 million outflow after care and maintenance costs and corporate costs
- **Underlying Nickel Division EBITDA** – breakeven result
- **Impairment reversal** - $9.2 million uplift of the Gum Creek asset values prior to the Horizon IPO
- **Reported net loss after tax** - $4.7 million
- **Net current assets** - $17.2 million
- **Net assets** - $112.1 million

Key Metrics

Description (Units in A$ million unless otherwise stated)	FY2017	FY2016	FY2015
Group nickel production (dmt)	**-**	10,864t	19,301t
Group nickel sales (dmt)	**929t**	10,367t	19,547t
A$ average spot nickel price	**$5.57/lb**	$5.82/lb	$8.34/lb
Net revenue	**$9.0**	$92.1	$199.7
Cost of sales before depreciation and amortisation (D&A)	**($9.0)**	($102.9)	($167.0)
Underlying Nickel Division EBITDA	**-**	**($10.8)**	**$32.7**
Depreciation and amortisation (D&A)	**($0.7)**	($50.7)	($62.1)
Care and maintenance costs	**($7.5)**	($1.0)	-
Loss before tax and impairment	**($13.9)**	($73.4)	($52.5)
Impairment reversal/(losses) before tax	**$9.2**	($81.4)	$11.9
Income tax benefit	**-**	$10.4	$11.8
Reported net loss after tax	**($4.7)**	**($144.4)**	**($28.8)**
Cash inflow/(outflow) from operating activities before tax	**($7.9)**	($42.8)	$43.5
Cash inflow/(outflow) from investing activities	**($4.2)**	$1.7	($39.7)
Cash and cash equivalents (*Consolidated Group*)	**$20.6[1,2]**	$19.4	$54.1
Cash and cash equivalents (*Panoramic Group only*)	**$8.9[2]**	$19.4	$54.1
	30 June 2017	**30 June 2016**	**30 June 2015**
Current Assets	**$21.4**	$29.0	$97.6
Non-Current Asset	**$124.8**	$111.6	$231.6
Total Assets	**$146.2**	$140.6	$329.2
Current Liabilities	**$4.3**	$7.6	$46.9
Non-Current Liabilities	**$29.8**	$30.9	$42.4
Total Liabilities	**$34.1**	$38.5	$89.3
Net Assets	**$112.1**	$102.1	$239.9

[1] includes Horizon Gold's 30 June 2017 cash balance of $11.7 million

[2] excludes the $1.8 million cash-backing the drawn amount on the Company's performance bond facility (treated as a non-current asset)

Commentary

Underlying Earnings

The Nickel Division reported an FY2017 underlying breakeven earnings result before interest, tax, depreciation and amortisation (EBITDA loss).

The reduction in net revenue ($9.0 million) and cost of sales ($9.0 million) reflected the suspension of production at the Savannah and Lanfranchi projects. Included in cost of sales was $1.7 million in one-off employee termination/resignation and redundancy costs.

Net care and maintenance costs of $7.5 million were up significantly over the period due to the transitioning of the Savannah Project onto full care and maintenance from May 2016.

Gum Creek Gold Project

In June 2016, the Board agreed to divest the Gum Creek Gold Project by vending Panoramic Gold Pty Ltd ("Pan Gold"), the entity which owns the project, into a new publically listed company. In October 2016, the Company entered into an agreement with Horizon Gold Limited ("Horizon") and Pan Gold to sell Pan Gold to Horizon, subject to the $15 million initial public offering ("IPO") of Horizon. In consideration for the sale, the Company was issued 39.03 million shares in Horizon valued at $15.62 million on the day of the listing (*21 December 2016*). These shares represent a 51% interest in Horizon and are restricted from trading on the ASX until 21 December 2018.

In recognition of the Company's majority 51% investment in Horizon, under *AASB 10 Consolidated Financial Statements*, the assets, liabilities, equity, income, expenses and cash flows of Horizon are required to be consolidated in the financial statements of the Panoramic Group, after attributing the profit or loss and each component of other comprehensive income to the equity owners of the Company and to the 49% non-controlling interests.

For clarity, the Company has also included in the Directors' Report, a non-AIFRS balance sheet in which the Company's 51% shareholding in Horizon has been "re-classified" as an "investment in subsidiary". In this Pro-forma balance sheet, the equity investment in Horizon of 39.03 million shares is shown at fair value through the profit and loss account measured using the quoted share price of Horizon at 30 June 2017 ($0.30 per share), instead of consolidating the separate assets, liabilities and results of Horizon as required under AASB10. This non-AIFRS de-consolidated Pro-forma balance sheet is also shown in Appendix B.

Impairment Loss Reversal

As part of the Horizon IPO process, the Company reviewed the recoverable values of the Gum Creek Gold Project's assets. As a result of this review, an impairment reversal of $9.2 million was booked against the previous $41.8 million impairment charge made in the previous financial year.

Concentrate Sales

During FY2017, the Savannah Project (including the contribution from the Copernicus Project) sold 10,719 dry metric tonnes of concentrate containing 929 tonnes of nickel, 520 tonnes of copper and 44 tonnes of cobalt.

Cash Flow

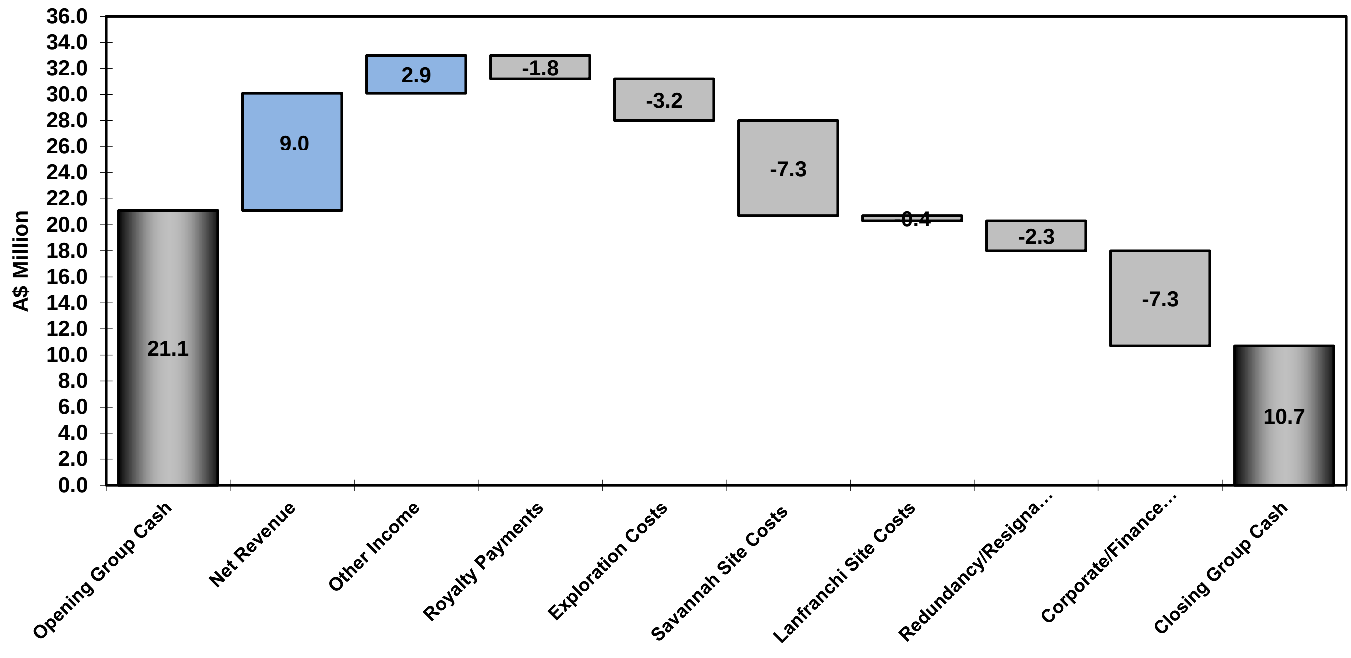
Net cash from operating activities resulted in an outflow of $7.9 million after care and maintenance costs, corporate costs and one-off employee termination/resignation and redundancy costs.

Net cash out-flow from investing activities included $5.0 million on exploration and evaluation expenditure.

At 30 June 2017, the Panoramic Group (excluding Horizon) had a closing cash balance of $8.9 million. This balance excludes the $1.8 million cash-backing the drawn amount on the Company's performance bond facility.

Aggregate movements in the Panoramic Group's cash balance over FY2017 are shown in Figure 1.

Figure 1: **FY2017 Panoramic Group Cash Movement (exc. Horizon)**



Note: the opening and closing cash balances include the $1.8 million cash-backing the drawn amount against the Company's performance bond facility. The cash movements of the Horizon Group since the IPO in December 2016 have been excluded from the analysis.

Company Update

On 20 July 2017, the Company released the Savannah Project Feasibility Study Optimisation based on an improved mine plan, higher grade ore, lower input costs and metallurgical performance as per historical Savannah metallurgical results. In comparison to the February 2017 Savannah Project Feasibility Study, the life-of-mine all-in sustaining cash costs (AISC), using spot commodity prices and the A$:US$ foreign currency exchange rate of 30 June 2017, has reduced the ASIC by US$0.90 per pound to US$3.40 per pound of nickel (payable nickel after by-product credits). Further productivity improvements are being pursued targeting further cost reductions (*refer to the Company's ASX announcement of 20 July 2017*).

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.

Following the successful development of the nickel projects, the Company diversified its resource base to include 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.

Panoramic has been a consistent dividend payer and has paid out a total of $114.3 million in fully franked dividends between 2008 and 2016. At 30 June 2017, Panoramic had $10.7 million in cash (including $1.8 million in 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.

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Appendix A

Summary of FY2017 Full Year Results

Description (Units in A$ million unless otherwise stated)	FY 2017	FY2016	FY2015
Financials			
A$ average spot nickel price[1]	**$5.57/lb**	$5.84/lb	$8.34/lb
Total net revenue[2]	**$9.0**	$92.1	$199.7
Cost of sales before depreciation and amortisation	**($9.0)**	($102.9)	($167.0)
Underlying Nickel Division EBITDA	**-**	($10.8)	$32.7
Depreciation and amortisation	**($0.7)**	($50.7)	($62.1)
Exploration and evaluation expensed	**($0.5)**	($2.4)	($12.9)
Care and maintenance costs	**($7.5)**	($1.0)	-
Other net costs including corporate costs	**($5.2)**	($8.5)	($10.2)
Profit/(loss) before tax and impairments/write-offs	**($13.9)**	($73.4)	($52.5)
Impairment reversal/(losses) before tax	**$9.2**	($79.5)	$11.9
Capitalised exploration and evaluation written-off	**-**	($1.9)	-
Profit/(loss) before tax	**($4.7)**	($154.8)	($40.6)
Tax benefit	**-**	$10.4	$11.8
Reported net loss after tax	**($4.7)**	($144.4)	($28.8)
EPS (cents/share)	**(1.0c)**	(43.7c)	(9.0c)
Cash Flow			
Cash flow from operating activities before tax	**($7.9)**	($42.8)	$43.5
Payments for property, plant, and equipment	**($0.2)**	($1.9)	($7.2)
Capitalised development costs	**($0.3)**	($7.5)	($19.8)
Exploration and evaluation expenditure (capital component)	**($5.0)**	($5.6)	($15.1)
Proceeds from sale of financial assets	**-**	$17.8	$0.7
New equity, net of costs (*Horizon IPO*)	**$14.1**	$10.1	-
Cash and cash equivalents (*Consolidated Group*)	**$20.6**[3 4]	$19.4	$54.1
Cash and cash equivalents (*Panoramic Group only*)	**$8.9**[4]	$19.4	$54.1
Physicals			
Group nickel production (dmt)	**-**	10,864t	19,301t
Group nickel sales (dmt)	**929t**	10,367t	19,547t

[1] LME US$ nickel daily cash price converted to A$ using the daily RBA US$:A$ Settlement Rate (FY2017: 1 July to 31 Dec 2016 only)

[2] net of by-product credits, interest income, smelter/ concentrate treatment charges and profit/(losses) on commodity/foreign exchange hedges

[3] includes Horizon's 30 June 2017 cash balance of $11.7 million

[4] excludes the $1.8 million cash-backing the drawn amount on the Company's performance bond facility (treated as a non-current asset)

Appendix B

Pro-forma Panoramic Consolidated Balance Sheet (*51% equity interest in Horizon Gold Limited re-classified as "Investment in Subsidiary"*)

Panoramic Group Consolidated Balance Sheet (A$'000)	30 June 2017 (*Pro-forma*)[1]	*Adjustments*	30 June 2017 (*AIFRS*)
ASSETS			
Current assets			
Cash and cash equivalents	8,946	*11,704*	20,650
Trade and other receivables	464	*71)*	535
Inventories	3	-	3
Prepayments	201	-	236
Total current assets	**9,649**	*11,775*	**21,424**
Non-current assets			
Available-for-sale financial assets	1,200	-	1,200
Investment in subsidiary	11,709	*(11,709)*	-
Property, plant and equipment	7,293	*4,263*	11,555
Exploration and evaluation	69,102	*22,670*	91,772
Development properties	17,028	-	17,028
Mine properties	1,403	-	1,403
Other non-current assets	1,803	-	1,803
Total non-current assets	**109,537**	*15,224*	**124,761**
Total assets	**119,186**	*26,999*	**146,185**
LIABILITIES			
Current liabilities			
Trade and other payables	1,870	*663*	2,533
Borrowings	769	-	769
Provisions	953	*18*	971
Total current liabilities	**3,592**	*681*	**4,273**
Non-current liabilities			
Borrowings	68	-	68
Provisions	20,345	*9,377*	29,722
Total non-current liabilities	**20,413**	*9,377*	**29,970**
Total liabilities	**24,005**	*10,058*	**34,063**
Net assets	**95,181**	*16,941*	**112,122**
EQUITY			
Contributed Equity	169,044	-	169,044
Reserves	38,665	*3,903*	42,568
Accumulated losses	(112,528)	*(938)*	(113,466)
Non-controlling interests	-	*13,976*	13,976
Total equity	**95,181**	*16,941*	**112,122**

[1] The Pro-forma balance sheet presentation of the de-consolidated 51% equity interest in Horizon is a non-AIFRS treatment of this investment. The adjustments to the Pro-forma balance sheet are to comply with AIFRS.