

29 January 2016

Quarterly Report for the period ending 31 December 2015

Significant Points

GROUP

- Safety – no Lost Time Injuries, **Group LTI Frequency Rate dropped from 3.3 to 0.93**
- Nickel Production – **2,599t Ni in concentrate**
- Liquid Assets – **\$33 million (including ~\$6 million of nickel in concentrate)**

NICKEL

Savannah

- Production – **2,599t Ni in concentrate, up 7% after a solid operating performance**
- Costs – aggregate site costs down, payable cash costs flat at A\$5.61/lb Ni (inclusive of royalties), C1 Cash Cost A\$3.50/lb
- Operational changes – **decision made to put the project onto care and maintenance in coming months due to low US\$ nickel price**
- Savannah North – **positive Scoping Study released**
- Exploration – planning undertaken for 2016 Savannah North and regional drill programs

Lanfranchi

- Production – operation put on care and maintenance in November 2015
- Lower Schmitz – Resource Definition drilling program completed

GOLD

Gidgee

- Project evaluations to be reviewed due to the higher gold price in conjunction with the sale process

PGM

Panton

- Ore sorting test work positive

Thunder Bay North (TBN)

- Rio commenced a winter drilling program at TBN as part of the C\$20 million farm-in over 5 years to earn 70%
- Two employees seconded to Rio during the TBN winter drilling program on a cost recovery basis

CORPORATE

- Staffing levels under review following operational changes
- Group's asset values as at 31 December 2015 to be reviewed and will result in impairments

Group Summary

Safety

No lost time injuries (LTI) were recorded at the operations.

The 12 month moving average Group LTI Frequency Rate (LTIFR) **was significantly lower at 0.93 (down from 3.30)**. The reduction is due to the drop in the number of LTIs recorded since April 2015. Figure 1 shows the Group actual LTIFR against the 2014/15 WA Nickel Industry Average LTIFR of 2.30, as published by the WA Department of Mines and Petroleum (DMP). Figure 2 shows the Group Hazard and Incident Reports over the last 12 months. Hazards reported and the number of incidents fell during the quarter.

Figure 1 – Group LTIFR Performance (12 month rolling average)

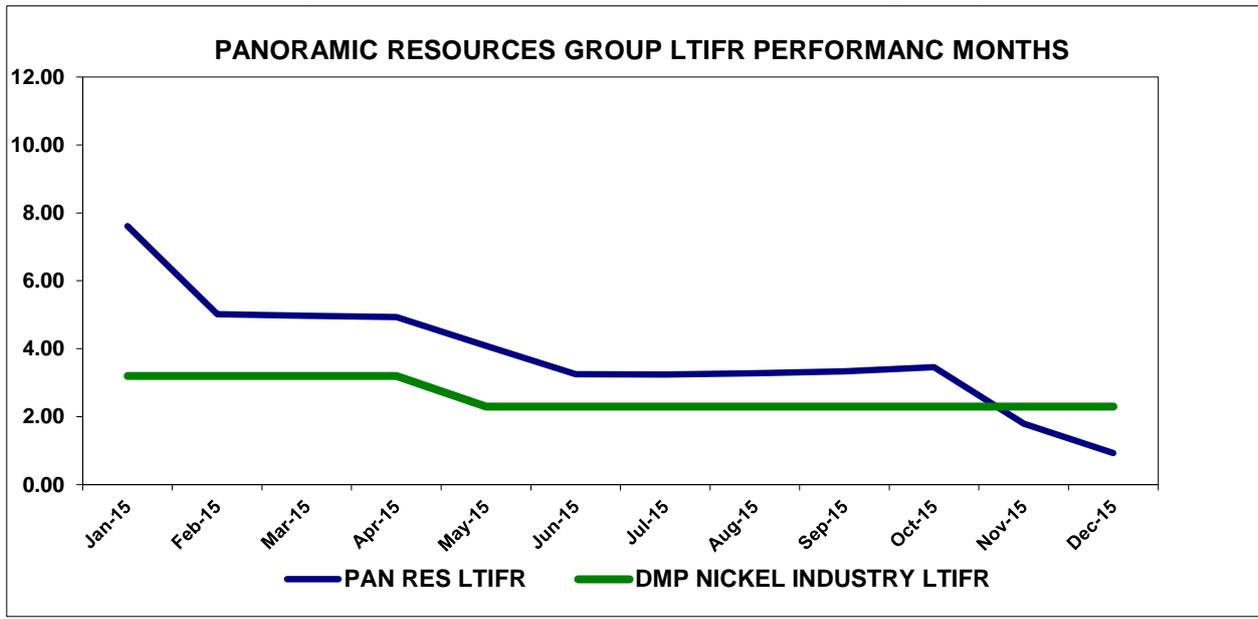
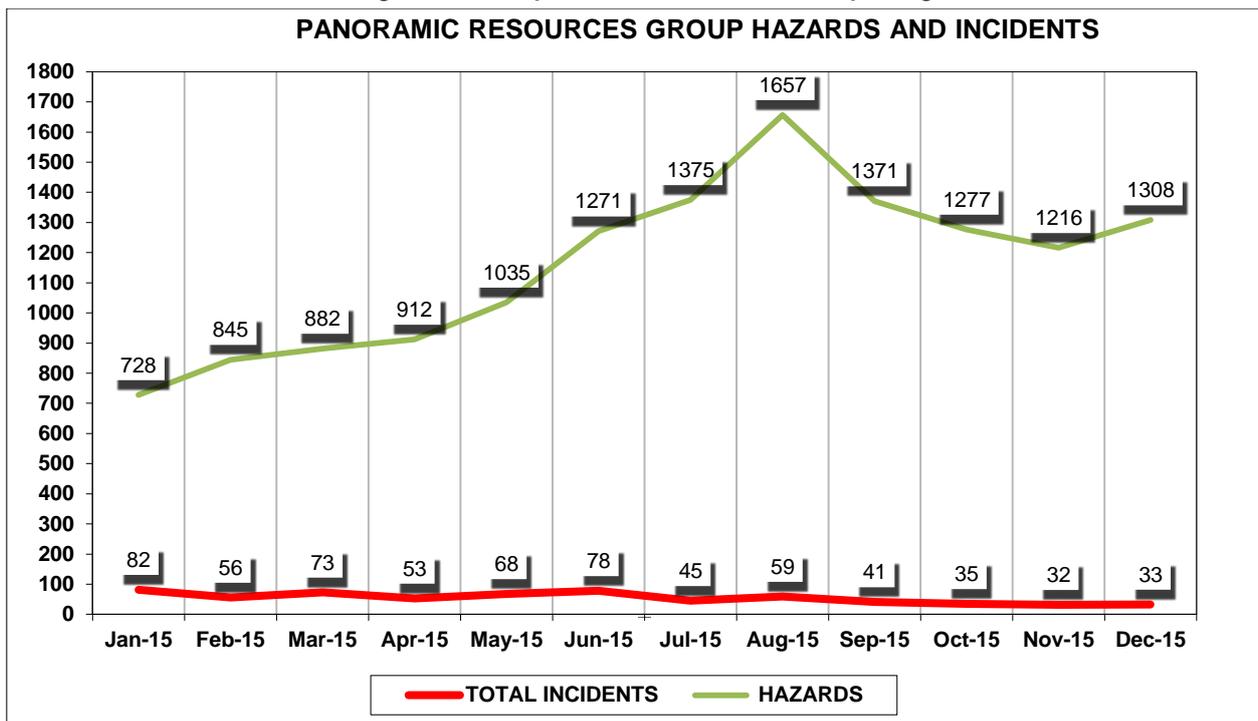


Figure 2 – Group Hazards and Incidents Reporting



Environment

There were no significant environmental incidents recorded and the operations were conducted within all statutory regulations and licence conditions.

Nickel – Savannah Project

General

The Savannah Project produced 2,599t Ni, 1,475t Cu and 122t Co contained in concentrate.

Total ore mined increased by 8% to 259,581t, including 64,057t of Copernicus ore. Total ore milled increased by 5% to 238,637t and there was ~53,000t ore on hand available for processing.

Despite the higher nickel production, lower site aggregate costs and the slightly higher average milled nickel head grade, the reduction in copper and cobalt by-product credits resulted in a small 3% increase in the quarterly payable cash costs to A\$5.61/lb (Table 2).

Four concentrate shipments for a combined 2,727t contained nickel were exported. At 31 December 2015, there was 597t of contained nickel in concentrate on hand valued at ~\$7 million.

Table 1 – Savannah Project Operating Statistics (including Copernicus)

Area	Details	Units	3 mths ending 31 Dec 2015	3 mths ending 30 Sep 2015	2015/16 YTD	2014/15 Full Year
Mining	Ore mined	dmt	259,581	239,362	498,943	865,660
	Ni grade	%	1.26	1.24	1.25	1.18
	Ni metal contained	dmt	3,273	2,962	6,235	10,258
	Cu grade	%	0.67	0.75	0.71	0.66
	Co grade	%	0.06	0.06	0.06	0.06
Milling	Ore milled	dmt	238,637	227,386	466,023	854,794
	Ni grade	%	1.26	1.24	1.25	1.18
	Cu grade	%	0.67	0.75	0.71	0.66
	Co grade	%	0.06	0.06	0.06	0.06
	Ni Recovery	%	86.0	86.4	86.2	86.4
	Cu Recovery	%	92.7	94.3	93.5	94.1
	Co Recovery	%	87.8	86.5	87.2	88.5
Concentrate Production	Concentrate	dmt	36,387	34,921	71,308	119,084
	Ni grade	%	7.14	6.95	7.05	7.33
	Ni metal contained	dmt	2,599	2,427	5,026	8,726
	Cu grade	%	4.05	4.62	4.33	4.46
	Cu metal contained	dmt	1,475	1,614	3,089	5,314
	Co grade	%	0.34	0.34	0.34	0.37
Concentrate Shipments	Concentrate	dmt	122	119	241	443
	Ni grade	%	7.12	7.29	7.19	7.31
	Ni metal contained	dmt	2,727	2,021	4,748	8,936
	Cu grade	%	4.20	4.75	4.43	4.39
	Cu metal contained	dmt	1,608	1,317	2,925	5,368
	Co grade	%	0.33	0.35	0.34	0.36
	Co metal contained	dmt	125	96	221	445

Payable Cash Costs

Table 2 – Savannah Project Payable Cash Costs (including Copernicus)

	Units	Savannah 3mths ending 31 Dec 2015	Savannah 3mths ending 30 Sep 2015
Costs Per Pound Payable Nickel			
Mining	A\$ per lb	3.52	3.41
Milling	A\$ per lb	1.46	1.52
Administration	A\$ per lb	1.20	1.48
Payable Operating Cash Costs (Mine Gate)	A\$ per lb	6.18	6.41
Haulage	A\$ per lb	0.31	0.31
Port Charges/Shipping	A\$ per lb	0.35	0.28
Ore Treatment	A\$ per lb	-	-
Net By-product Credits	A\$ per lb	(1.59)	(1.99)
Royalties	A\$ per lb	0.36	0.42
Total Payable Operating Cash Costs^(a)	A\$ per lb	5.61	5.43
Total Payable Operating Cash Costs^(b)	US\$ per lb	4.04	3.94

(a) Savannah capital development cash cost for the quarter was A\$0.65/lb. This cost is not included in Table 2. Capital development costs represent capitalised mining cash costs for deposits in production. These costs do not include any pre-production costs for deposits being developed for future mining.

(b) Average December 2015 quarter RBA US\$/A\$ settlement rate of US\$0.7202 (Average September 2015 quarter exchange rate was US\$0.7257).

Operational Changes

On 27 January 2016, the Company announced that due to the weak US\$ nickel price and uncertainty around the timing of a price recovery, the Savannah project is to be placed onto care and maintenance over the next two/three months. By taking this decision, the remaining Savannah Resource will be preserved until the US\$ nickel price returns to a sustainable level where the mining of the Savannah orebody, mostly likely in conjunction with the development of Savannah North, provides an acceptable return to shareholders. Regrettably, approximately 50 Savannah employees were made redundant on 27 January and additional redundancies will be necessary as the staged operational changes at Savannah are implemented.

Importantly, were the US\$ nickel price to improve significantly from current levels over the coming months, the Company has the option to review this decision.

Savannah North Scoping Study

On 27 January 2016, the Company released the Savannah North Scoping Study (“Scoping Study”). The results of the Scoping Study demonstrates that there is potential to add significant mine life at Savannah through the development of Savannah North. The key physicals from the Scoping Study are summarised in Table 3.

Table 3 – Savannah North - Resource and Production Summary

Operating Metric	Result
Mineral Resource	6.88Mt @ 1.59%Ni, 0.77% Cu, 0.11% Co containing 109,600t Ni, 52,900t Cu, 7,800t Co
Mining Inventory	6.07Mt @ 1.26% Ni, 0.64% Cu, 0.09% Co containing 76,500t Ni, 38,600t Cu, 5,300t Co
Mine Life	7.75 years
Life-of-mine production (metal in concentrate)	66,200t Ni, 36,700t Cu, 5,000t Co
Annual production (metal in concentrate)	9,500tpa Ni, 5,300tpa Cu, 700t Co at full production

All material assumptions underpinning the production target, and forecast financial information derived from the production target, in the Company’s ASX announcement of 27 January 2016, continue to apply and have not materially changed.

The Scoping Study is based on mining Savannah North via conventional long-hole open stoping with paste fill, processing the ore through the existing Savannah plant to produce a bulk nickel/copper/cobalt concentrate. The Scoping Study demonstrates a relatively low initial capital investment of \$42 million to achieve full production (on a stand-alone basis), due to the existing mine, processing plant and supporting infrastructure of the Savannah operation. Forecast average C1 cash costs (nickel-in-concentrate after by-product credits) are in the lower end of the industry cost curve at US\$2.20/lb Ni over the life of the project. Table 4 summarises the financial outcomes of the Scoping Study at various US\$ nickel prices and a flat US\$:A\$ 0.70 exchange rate.

Table 4 – Savannah North - Financial summary for a range of US\$ nickel prices (US\$:A\$ = 0.70)

Financial Metric	Units	US\$5.00/lb	US\$6.00/lb	US\$7.00/lb	US\$8.00/lb
Revenue	A\$M	892	1,032	1,179	1,319
Initial Capital (Pre-production and ramp-up)	A\$M	42	42	42	42
LOM Capital (inclusive of initial capital)	A\$M	137	137	137	137
Operating costs plus royalties	A\$M	700	708	715	722
Pre-tax cashflow	A\$M	54	187	327	460
Pre-tax NPV (11% discount rate)	A\$M	6	80	158	232
IRR	%	14	47	82	118
C1 cash cost (Ni in concentrate basis)	A\$/lb Ni	3.14	3.14	3.14	3.14
	US\$/lb	2.20	2.20	2.20	2.20
Payable Ni cash costs	A\$/lb Ni	5.19	5.26	5.29	5.36
	US\$/lb	3.63	3.68	3.70	3.75

Cautionary Statement

The Scoping Study referred to in this announcement is based on low-level technical and economic assessments, and is insufficient to support the estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

As part of the Scoping Study, Panoramic identified the following enhancement opportunities which could add significant additional value to the Project:

- **Future Resource growth** – less than 30% of the potential 2km mineralisation footprint has been tested by drilling to date;
- **Mining Inventory upgrade** – potential to convert further Resources into Mining Inventory by optimising the mine plan;
- **Optimised mine plan** – opportunity to lower unit costs, increase production rates and/or improve mined grades by optimising mining methods, stope shapes and cut-off grades;
- **Improved mine scheduling** – opportunities to bring forward zones of high grade mineralisation and defer some development to a “just-in-time” schedule;
- **Increased production rates** – potential to increase production rates through refinement of mining methods, further additions to the Mining Inventory, and shaft versus decline haulage;
- **Optimisation of plant throughput and recoveries** – a number of continuous improvement opportunities have been identified to improve metallurgical performance of Savannah ore that are expected to be directly applicable to the Savannah North mineralisation;
- **Alternative products** – assess the amenability of Savannah North mineralisation to be processed into separate nickel and copper concentrates, co-processing of Panoramic’s Pantom PGM mineralisation to produce a PGM-rich bulk concentrate, and matte production via mini-smelting technology (e.g. top submerged lance); and
- **Power** – the Scoping Study is based on utilising the existing diesel fired power station. If an alternative fuel source such as gas is available, power costs could be reduced.

Panoramic is targeting the completion of a Feasibility Study on Savannah North during the December 2016 quarter.

Nickel – Lanfranchi Project

General

The Lanfranchi Project was put onto care and maintenance in November following the completion of the Lower Schmitz Resource definition drilling program. As a result, 20 employees were made redundant.

Table 5 – Lanfranchi Project Operating Statistics

Area	Details	Units	3mths ending 31 Dec 2015	3mths ending 30 Sep 2015	2015/16 YTD	2014/15 Full Year
Mining	Ore mined	dmt	-	43,692	43,692	468,491
	Ni grade	%	-	2.33	2.33	2.26
	Ni metal contained	dmt	-	1,019	1,019	10,575
	Cu grade	%	-	0.18	0.18	0.20
Ore Delivered	Ore delivered	dmt	-	46,279	46,279	470,322
	Ni grade	%	-	2.27	2.27	2.26
	Ni metal contained	dmt	-	1,051	1,051	10,611
	Cu grade	%	-	0.18	0.18	0.20

Lower Schmitz

An update on the Lower Schmitz discovery is provided in the Exploration Section of this report.

Native Title

In November 2014, the Federal Court made a Determination of native title in favour of the Ngadju People, the consequence of which is that the Company's tenements at the Lanfranchi Nickel Project are invalid to the extent that they are inconsistent with the continued existence, enjoyment or exercise of native title rights held by the Ngadju People.

The Determination has been appealed by some of the Respondents to the Determination and the Company has been joined as a non-participating Respondent Party to the Ngadju appeal proceedings, which are continuing as at the date of this release.

Base Metal Exploration

Savannah and East Kimberley Regional

Savannah and Savannah North Project

Exploration and Resource drilling activities at Savannah and Savannah North remained on hold during the quarter as the Company focussed on completing and releasing the Savannah North Project Scoping Study.

The Savannah North Scoping Study (*refer to the Company's ASX announcement of 27 January 2016*) is based on the October 2015 Resource estimate of **6.88 million tonnes @ 1.59% Ni for 109,600t Ni** (*refer to the Company's ASX announcement of 1 October 2015*). In relation to the October 2015 Resource, it should be noted that:

- **less than 30%** of the potential 2km mineralisation footprint of Savannah North has been tested by Resource drilling;
- the most easterly hole of the 2015 Resource Drilling Program testing the eastern extent of the Upper Zone intersected **11.2m @ 2.14% Ni** in hole KUD1572 (*refer to the Company's ASX announcement of 1 October 2015*); and
- the deepest hole testing the Lower Zone intersected **25.95m @ 2.55% Ni** in hole KUD1562 (*refer to the Company's ASX announcement of 1 October 2015*).

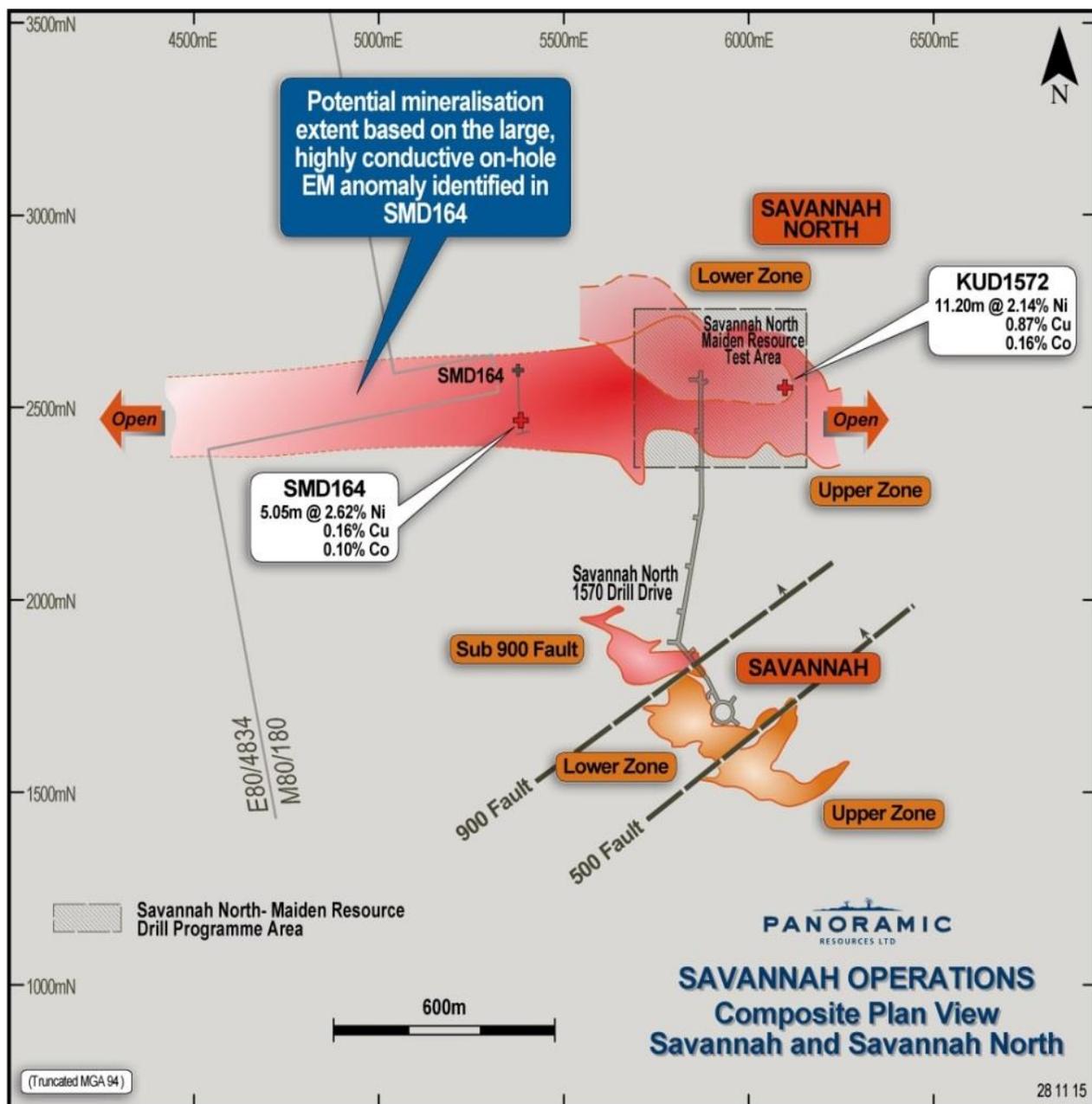
The following drill programs to convert Resources from an Inferred to Indicated Category and to test up and down dip extensions are planned for 2016:

- *Program 1 – Savannah North Up-Dip to the East (High Priority)*

The Scoping Study has highlighted that the time and capital development required to access the first ore at Savannah North could be significantly reduced if the Savannah North Resource extends up-dip towards the existing Savannah mine levels. A program of up to 20 diamond holes comprising approximately 8,000m is planned to determine the proximity of the Savannah North mineralisation to the existing Savannah mine levels and, if successful, should also lead to an increase in the Resource.

- Program 2 – Lower Zone infill high grade Inferred area (High Priority)**
 Preliminary Savannah North mine designs completed as part of the Scoping Study have highlighted the significant contribution delivered by the deeper levels of the high-grade Savannah North Lower Zone Resource. This zone is essentially constrained by a limited number of drill intersections. In order to de-risk the mine designs in this area, greater Resource confidence is required and a ten hole program comprising approximately 7,300m is planned to infill this area.
- Program 3 – Upper Zone western extension**
 Prior to ceasing the Savannah North Maiden Resource drill program in August 2015, it had been intended to infill (on a 100m by 100m spacing) the area between the western edge of the Maiden Resource test area (5700mE) and surface hole SMD164, a distance of ~300m (Figure 3). A significant portion of the existing Inferred and Unclassified mineralisation in this area could be converted to Indicated category and a 10 hole drill program comprising 5,800m is now planned. The program is also designed to provide a clearer picture of the shape and grade of the resource in this area, which in-turn could be applied to the unclassified mineralisation that has been modelled to extend for a further 1km to the west from SMD164. The results should provide a better understanding of the full size potential of Savannah North.

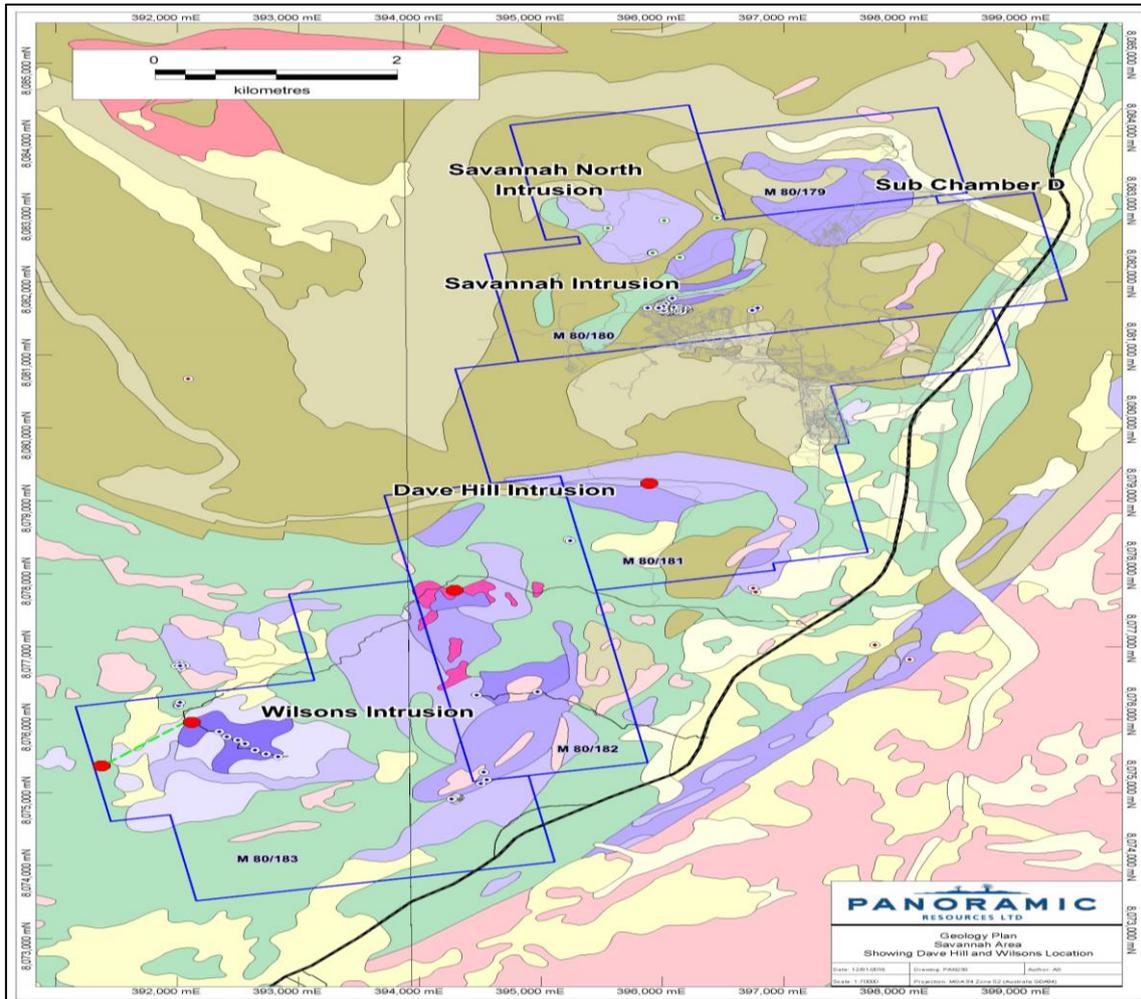
Figure 3 – Plan View showing relative position of the Savannah North resource drill program



Dave Hill and Wilsons Intrusions

In January 2016, the Company commenced a small exploration program on the Dave Hill and Wilsons intrusions located just to the south of Savannah (Figure 4). The program, comprising 2 to 4 surface diamond holes and associated down-hole electromagnetic (DHEM) surveys, is an initial test of the potential for both intrusions to host Savannah style mineralisation (refer to the Company's ASX announcement of 27 January 2016) as the geological features of both the Dave Hill and Wilsons intrusions have many similarities to the Savannah and Savannah North intrusions.

Figure 4 – Savannah Geology Plan showing the Dave Hill and Wilsons Intrusions

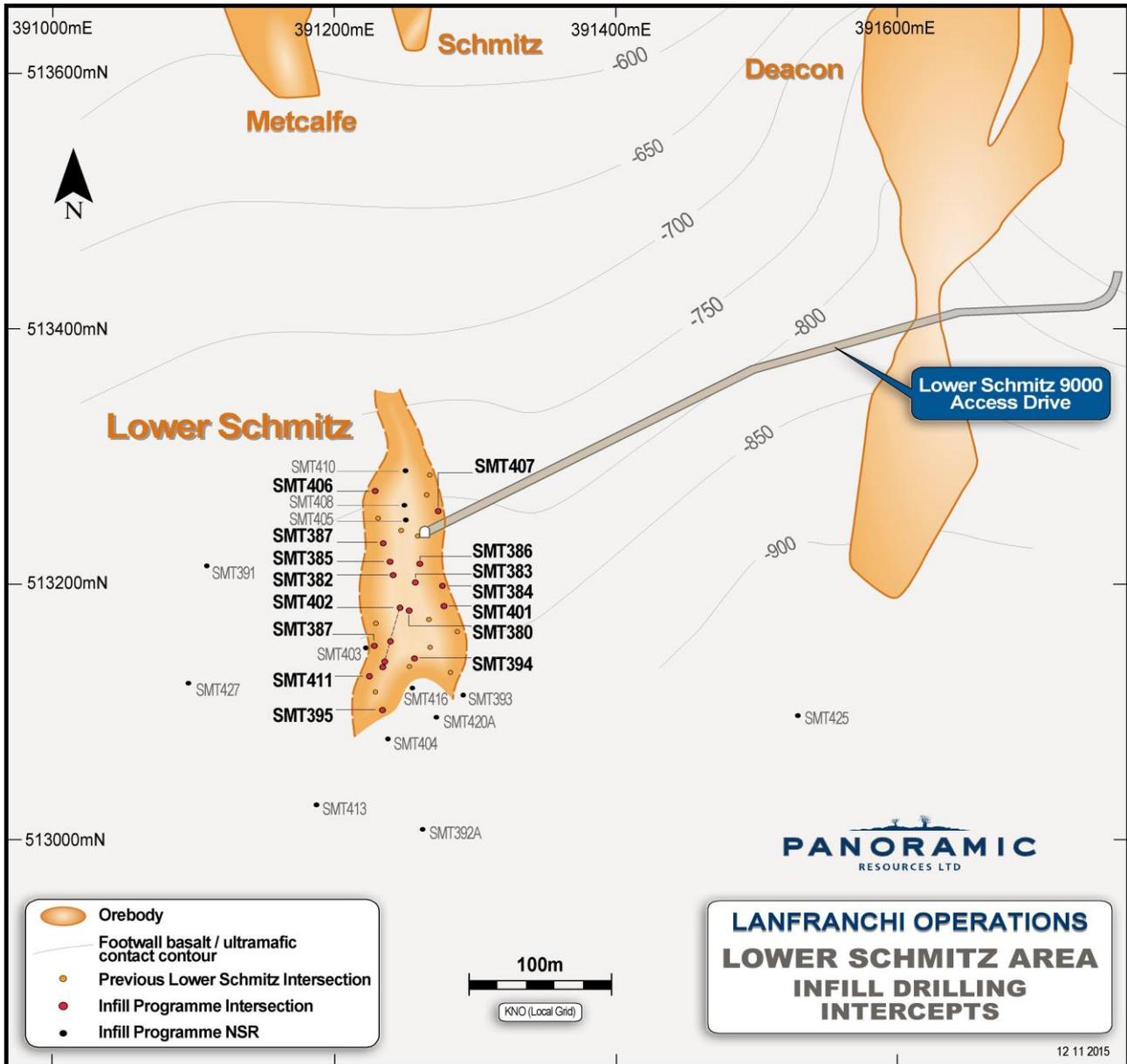


Lanfranchi

Overview

In January 2015, the Company announced the discovery of high-grade mineralisation at Lower Schmitz in drill hole SMT373A (refer to ASX announcements of 21 and 23 January 2015). Since the discovery, the sole exploration focus at Lanfranchi has been directed towards evaluating the Lower Schmitz area. Drilling to evaluate Lower Schmitz, which was initially conducted from the base of the Schmitz Decline and the Schmitz 4510 drill drive, finished in late July 2015 with the completion of drill hole SMT380. A second, smaller infill Resource definition program was undertaken following the completion of the 9000 exploration/access drive in September 2015 (Figure 5). This program was completed in mid-November.

Figure 5 – Plan View of Schmitz area showing recent exploration drill results



Lower Schmitz Infill Resource Definition Drill Program

Twenty eight drill holes for a total of 4,765 drill metres. The drill results are summarised in Appendix 1.

The majority of the Resource definition drill holes were targeted within the mineralisation footprint defined by the initial Lower Schmitz drill program. The results of the drilling confirm that between approximately 513100mN and 513275mN, the Lower Schmitz mineralisation is confined within a pronounced “channel-like” zone approximately 100m wide. A simplified geological cross section and level plan of the Lower Schmitz channel feature is shown in Figures 6 and 7. Mineralisation, averaging 5-6% Ni, is consistent throughout this channel zone. A maiden Lower Schmitz Mineral Resource estimate covering this area is currently being prepared and will be reported in the March 2016 quarter.

At approximately 513100mN, the Lower Schmitz mineralisation appears to terminate abruptly at its widest (east-west) extent (Figure 5). Several holes drilled to the south of 513100mN failed to intersect any significant mineralisation. The abrupt termination of the Lower Schmitz mineralisation is unusual and is possibly related to structural faulting. A significant, steep west dipping, NNE-SSW trending thrust/fault structure is evident along the eastern side of Lower Schmitz (Figures 6 and 7).

Similar type structures at Lanfranchi have measured offsets of up to 200 to 300m. At Lower Schmitz, there is evidence to indicate that the steep west dipping fault structure and the Lower Schmitz mineralisation merge at about 513100mN. If these indications are correct, the termination of the Lower Schmitz mineralisation about 513100mN could be due to the mineralisation being displaced along this dipping fault structure to the NNE or SSW. To confirm this displacement, additional drilling is required.

North from 513250mN, the Lower Schmitz mineralisation appears to be thinner and may be closed off. Further drill testing is also required in this area. Available down-hole electromagnetic (DHEM) data in this area supports a theory that the Schmitz and Lower Schmitz orebodies may link-up through as a series of small isolated pods of high-grade mineralisation.

In addition to the infill Resource Definition drilling, several holes were drilled outside the mineralisation footprint described above in search of other mineralisation and to provide DHEM platforms. Thin, low grade Jury-Metcalf style disseminated mineralisation was intersected in holes SMT391 and SMT427 to the west of Lower Schmitz and highlights the potential for the discovery of further Jury-Metcalf-type deposits in this area.

Figure 6 – Simplified Lower Schmitz Geological Cross Section 513175mN

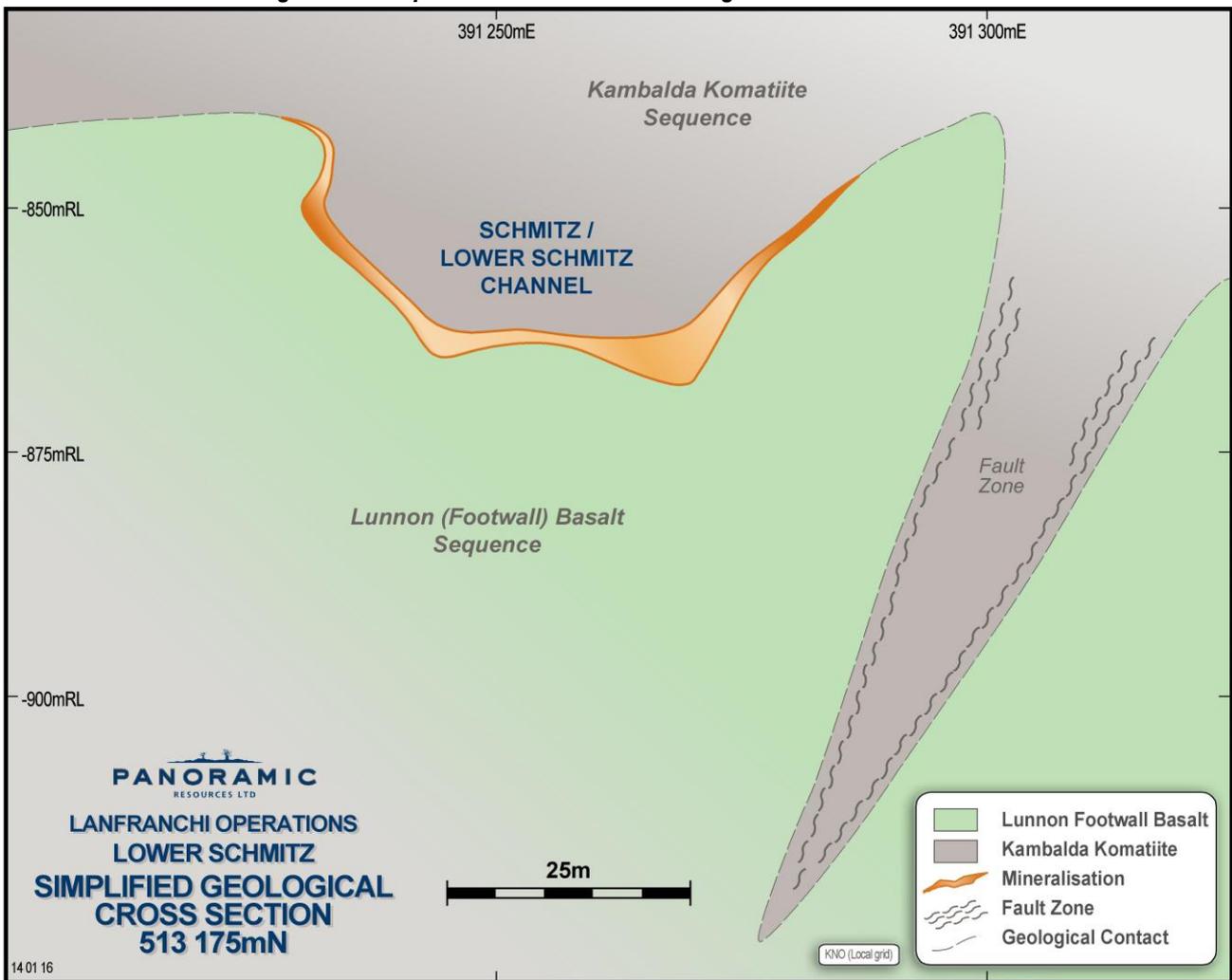
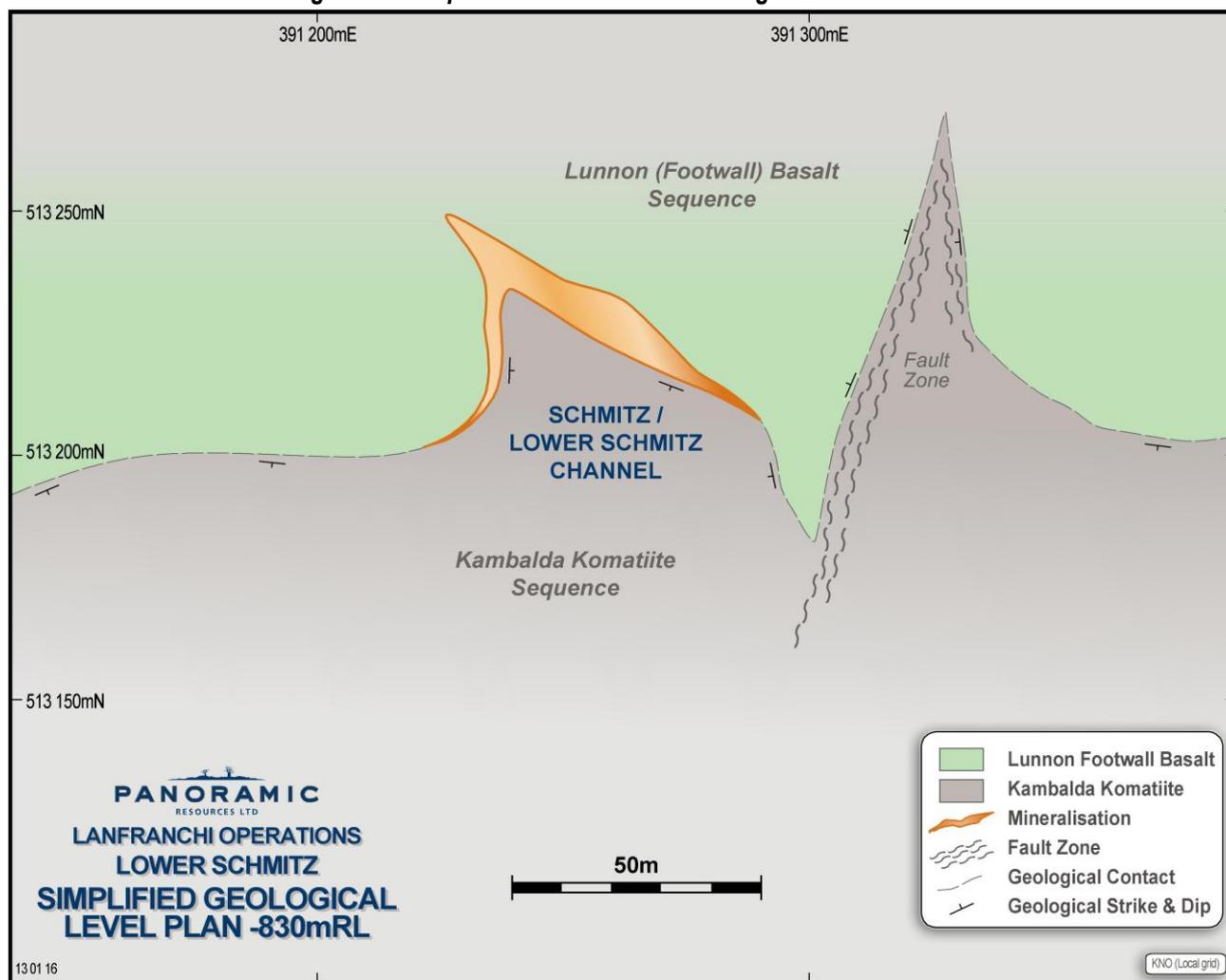


Figure 7 – Simplified Lower Schmitz Geological Level Plan -830mRL



Cowan Nickel Project, WA (Panoramic holds 100% nickel rights)

Following a detailed review of the remaining targets held under the Cowan Nickel Project, the Company has begun a process to withdraw from the Cowan Project.

Drake Resources Exploration Alliance - Scandinavia

Panoramic and Drake Resources Limited (“Drake”) have an alliance to identify, explore and develop base and precious metal opportunities across Scandinavia. The Company’s remaining project under this alliance was the Sulitjelma Project in Norway.

During the quarter, the Company gave written notification to Drake that it was withdrawing from the Sulitjelma Project.

Gold – Gidgee Project

The Gidgee Gold Project is located 640km NE of Perth and 130km SW of Wiluna and covers approximately 1,200km² of the Gum Creek greenstone belt.

In July 2015, a decision was made to sell the Gidgee Gold Project and the Company appointed Sirona Capital to manage the sale process.

In conjunction with the sale process and in light of the higher A\$ gold price, the Company is currently undertaking a review of previous valuation work on the project.

Gold – WA Exploration Projects (ex-Magma)

Under the Laverton Farm-in Agreement between Poseidon Nickel Limited (Poseidon) and Magma Metals Pty Ltd (100% owned by Panoramic), Poseidon has the sole and exclusive right to earn a 60% interest in the tenements by sole funding an additional \$2,700,000 in expenditure on the tenements within the period of three years commencing on 3 June 2014. At least 75% of the \$2,700,000 must be incurred on activities within the Target Area. Poseidon is required to contribute not less than \$700,000 to expenditure after 14 July 2014 before it is able to withdraw from the Agreement.

PGM – Thunder Bay North Project

The Thunder Bay North (TBN) Project is located near Thunder Bay in northwest Ontario, Canada. The advanced exploration project claims cover an aggregate area of 40,816 hectares. The TBN Project Resource contains **10.4Mt at 1.13g/t Pt and 1.07g/t Pd for ~0.4Moz Pt and ~0.4Moz Pd** (refer to ASX announcement of 30 September 2015 for disclosures on the TBN Resource) with exploration potential at depth and along strike.

On 30 July 2014, Panoramic announced that its wholly owned subsidiary, Panoramic PGMs (Canada) Limited (PANP), had signed an Earn-in with Option to Joint Venture Agreement (Agreement) with Rio Tinto Exploration Canada Inc. (RTEC), a wholly owned subsidiary of Rio Tinto, to consolidate their respective Platinum Group Metal (PGM) projects in northwest Ontario, Canada. RTEC holds a single tenement called Escape Lake (EL) within the core of the TBN tenement package. PANP and RTEC have recognised that the best way of realising value from both Projects is to combine TBN and EL into a single project (Consolidated Property).

In January 2015, the Company announced that RTEC had exercised its right under the Agreement by electing to move into the Earn-in Option Phase (Phase 2) of the Agreement. Under the terms of Phase 2, RTEC can earn a 70% interest in the TBN Project by sole funding C\$20 million of expenditure over a five year period (minimum spend of C\$5 million before RTEC can withdraw). During this period, RTEC will be responsible for managing the Consolidated Property and ensuring the tenements are kept in good standing. If RTEC does not earn its 70% interest, PANP has certain rights to purchase 100% of EL.

The 2015 RTEC diamond drilling program on the Project commenced in July and was completed in early November after drilling 11 holes, totalling 4,955 drill metres. **The results of the 2015 program are encouraging and a follow-up winter drill program using two diamond drill rigs commenced in mid-January 2016.** RTEC has also planned a semi-airborne HeliSAM Survey over the Escape Lake and Beaver Lake portions of the project. If the results of the HeliSAM Survey are positive, the survey may be expanded to cover the 025 Intrusion, Steepledge Lake Intrusive Complex and northern Current Lake Intrusive Complex areas. To assist in the expanded programs, two Company employees have been seconded to RTEC on a cost recovery arrangement.

PGM – Panton Project

Panton is located 60km south of the Savannah Nickel Project in the East Kimberley region of Western Australia. **Panton is a significant PGM Resource containing ~1.0Moz Pt at 2.2g/t and ~1.1Moz Pd at 2.4g/t** (refer to ASX Announcement of 30 September 2015 on “Mineral Resources and Ore Reserves at 30 June 2015” for disclosures on the Resource) with exploration potential at depth and along strike.

Panoramic considers the Panton Project to be a quality PGM development asset which fits within the Company’s commodity diversification and growth strategy. In March 2012, the previous owner announced the results of a review of the 2003 Bankable Feasibility Study Review (2012 BFS Review).

During the quarter, the results of the ore sorting test work were received demonstrating that the ore can be upgraded. Further test work is required to confirm these initial results.

Corporate

Liquid Assets and Debt

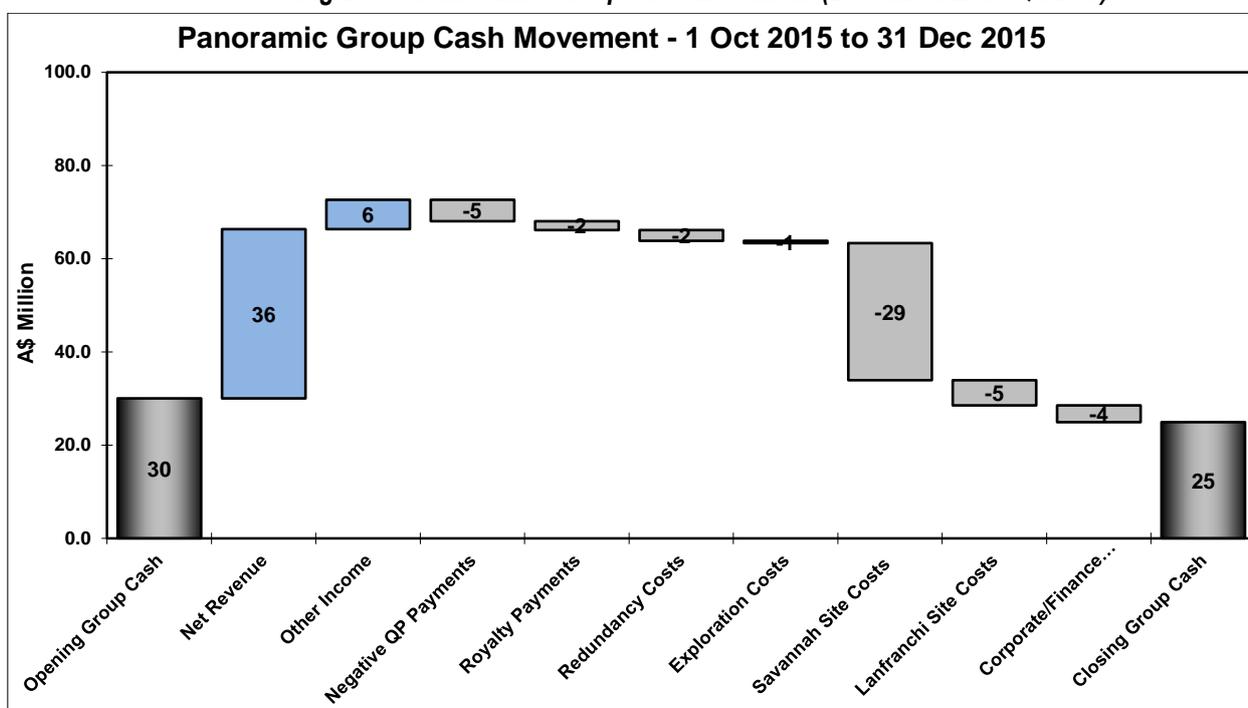
Liquid assets at the end of the quarter totalled \$33 million, comprising \$25 million in cash, \$2 million of trade receivables and ~\$6 million of nickel in concentrate which was waiting to be shipped at 31 December.

The movement in liquid assets was primarily due to:

- ~\$2 million redundancy costs at Lanfranchi, Savannah and Perth Office (total cost of ~\$8 million in the half year);
- the further fall in the US\$ nickel price impacting on sales revenue and requiring the Company to refund ~\$5 million for final invoice quotational period pricing adjustments; and
- ~\$6 million in proceeds from the sale of MLX shares (total of ~\$15 million received in the half year).

Aggregate movements in the Group Cash balance over the quarter are shown in Figure 8.

Figure 8 – Panoramic Group Cash Movement (December 2015 Quarter)



Group finance leases on mobile equipment and insurance premiums at 31 December 2015 totalled \$3.0 million.

Share Buy-Back

On 15 December 2014, the Company announced that it intended to conduct an on-market share buy-back of up to 15.96 million shares.

No shares were bought back by the Company during the quarter. On 14 December 2015, the buy-back trading period ended. A total of 851,809 shares in the Company were bought back over the 12 months at an average share price of \$0.3909, with all shares subsequently cancelled.

Impairment Testing and Perth Office Changes

As part of the 31 December 2015 half-year review process, the Company will be undertaking a detailed review of the carrying values of the Group's assets in consultation with the Company's auditor.

While it is too early to report on the quantum of the write-downs at 31 December 2015, it is expected that the write-downs/impairments to be booked against the Group's assets will be material, primarily due to the decision to place the Savannah project onto care and maintenance over the next two/three months (*refer to the Company's ASX announcement of 27 January 2016*) and the re-classifying of the Gidgee Project in July 2015 as being held for sale under AASB 5: *Non-current Assets Held for Sale and Discontinued Operations*.

As a result of the operational changes at Savannah, staffing levels in the Perth Office will be reviewed with further redundancies necessary as the corporate office is down-sized.

Hedging

The Company did not add to its hedge book during the quarter.

Table 6 – Group Hedge Book – A\$ Mark-to-Market Valuation as at 31 December 2015

Commodity	Mark-to-Market 31 Dec 2015
Bought US\$ Diesel Call Options	\$0.03 million
Sold US\$ Diesel Put Options	-
Bought US\$ Currency Put Options	-
Sold US\$ Currency Call Options	-
Total Mark-to-Market	\$0.03 million

Table 7 – Group Hedge Book – Delivery Profile as at 31 December 2015

Commodity	Quantity 31 Dec 2015	Average Price/Rate 31 Dec 2015
<u>Diesel</u> – Bought Diesel Call Options (delivery Jan 2016-June 2016)	500,000litres/mth	US\$0.55/litre

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.

Following the successful development of the nickel projects, the Company diversified its resource base to include gold and platinum group metals (PGM). The Gold Division consists of the Gidgee Project located near Wiluna. The Company announced on 31 July 2015 the sale of its interest in the Mt Henry Project. 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% in the project by spending up to C\$20 million over five years.

Panoramic has been a consistent dividend payer and has paid out a total of \$114.3 million in fully franked dividends since 2008. At 31 December 2015, Panoramic had \$25 million in 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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The information in this release that relates to Exploration Targets and Exploration Results is based on information compiled by John Hicks. Mr Hicks is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and is a full-time employee and shareholder of Panoramic Resources Limited. Mr Hicks also holds performance rights in relation to Panoramic Resources Limited. Mr Hicks 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 Hicks consents to the inclusion in the release of the matters based on the information in the form and context in which it appears.

No New Information or Data

This announcement contains references to exploration results and Mineral Resource estimates, all of which have been cross referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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.

Appendix 1

Lanfranchi Project – Tabulation of Lower Schmitz Drill Hole Assay Results and 2012 JORC Compliance Tables

Hole	East (m)	North (m)	RL (m)	Dip (°)	Azi (°)	EOH (m)	From (m)	To (m)	Intercept	Cu (%)	Co (%)	SG g/cm ³
SMT382	391539.3	6513475.2	-867.1	15.7	203.3	127.80	73.20	79.55	6.35m @ 3.85 %	0.26	0.06	3.37
SMT383	391539.9	6513475.7	-867.3	15.7	188.8	101.10	73.94	77.66	3.72m @ 7.10 %	0.55	0.12	3.75
SMT384	391540.4	6513475.9	-867.3	17.6	174.2	98.10	76.16	81.79	5.63m @ 7.60 %	0.49	0.15	3.87
							87.00	88.38	1.38m @ 1.11 %	0.08	0.02	3.02
SMT385	391533.8	6513473.0	-866.1	24.7	204.6	111.00	62.33	64.99	2.66m @ 2.88 %	0.27	0.04	3.17
SMT386	391539.9	6513475.6	-866.7	26.6	189.0	88.92	65.33	69.83	4.50m @ 5.65 %	0.65	0.09	3.54
SMT387	391534.2	6513472.9	-867.5	5.4	196.3	149.00	122.39	123.58	1.19m @ 12.00 %	1.22	0.20	4.59
							125.70	127.54	1.84m @ 2.21 %	0.22	0.04	3.14
SMT388	391539.9	6513475.5	-867.7	5.4	189.0	133.95	93.11	94.78	1.67m @ 5.87 %	0.37	0.12	3.60
							117.00	119.00	2.00m @ 1.08 %	0.10	0.02	2.98
SMT391	391532.5	6513475.0	-867.1	13.2	248.4	197.03	183.35	184.84	1.49m @ 2.53 %	0.15	0.05	3.10
SMT392A	391562.0	6513485.1	-869.1	-23.4	184.5	347.79	96.70	97.87	1.17m @ 1.20 %	0.11	0.02	2.94
							122.14	126.37	4.23m @ 2.25 %	0.08	0.03	3.08
							153.20	156.22	3.02m @ 1.72 %	0.13	0.02	2.64
							167.13	168.24	1.11m @ 1.23 %	0.08	0.02	2.98
SMT393	391535.7	6513473.2	-868.1	-5.1	169.3	162.75			NSR			
SMT394	391535.0	6513472.9	-868.2	-7.2	184.0	164.16	126.84	133.59	6.75m @ 5.96 %	0.52	0.12	3.73
SMT395	391534.6	6513472.8	-868.1	-5.7	190.2	205.10	167.05	172.39	5.34m @ 6.56 %	0.41	0.15	3.73
SMT397	391533.1	6513473.5	-865.1	36.6	218.8	91.00	60.28	65.32	5.04m @ 4.56 %	0.34	0.08	3.47
SMT401	391535.6	6513473.6	-867.4	9.4	169.4	103.95	87.85	94.48	6.63m @ 5.38 %	0.32	0.11	3.58
							98.30	100.09	1.79m @ 1.37 %	0.10	0.03	2.96
SMT402	391534.6	6513472.8	-867.6	4.3	190.6	154.56	88.70	102.37	13.67m @ 6.26 %	0.36	0.10	3.57
							115.52	118.93	3.41m @ 6.61 %	0.67	0.13	3.74
							132.24	139.12	6.88m @ 6.66 %	0.30	0.12	3.49
SMT403	391534.2	6513472.9	-867.7	5.4	197.8	164.00			NSR			
SMT404	391535.0	6513472.9	-868.4	-13.9	184.0	222.87			NSR			
SMT405	391626.6	6513534.9	-868.4	28.3	230.0	166.72			NSR			
SMT406	391626.3	6513534.9	-868.5	26.3	243.7	181.98	161.57	162.70	1.13m @ 5.09 %	0.12	0.09	3.47
SMT407	391626.6	6513534.3	-867.8	36.3	226.1	160.82	138.34	143.01	4.67m @ 2.47 %	0.22	0.06	3.17
SMT408	391626.5	6513534.7	-868.0	33.7	236.3	170.00			NSR			
SMT410	391626.5	6513535.0	-867.5	42.7	246.9	172.97			NSR			
SMT411	391534.4	6513472.9	-867.9	-1.4	195.4	187.23	143.81	148.91	5.10m @ 3.99 %	0.30	0.07	3.37
SMT413	391534.4	6513472.9	-868.3	-11.1	194.9	300.90			NSR			
SMT416	391535.2	6513473.0	-868.3	-11.4	180.4	167.18			NSR			
SMT420A	391535.5	6513473.2	-868.4	-15.8	173.5	195.60			NSR			
SMT425	391564.3	6513486.2	-868.5	-7.5	127.7	311.43			NSR			
SMT426	391536.1	6513473.6	-868.5	-19.2	160.1	62.34			Hole abandoned			
SMT427	391533.2	6513474.1	-867.8	0.7	225.0	246.30	218.84	224.47	5.63m @ 1.04 %	0.08	0.03	3.07

Notes:

1. Intervals are down-hole lengths, not true-widths
2. Parameters: 1.0% Ni lower cut-off
3. Intercepts < 1.5 % m not included
4. Intercepts grades based on length weighting incorporating sample SG values
5. NSR – no significant result

Lanfranchi Project – Table 1, Section 1 - Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</p> <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> <p>Aspects of the determination of mineralisation that are Material to the Public Report.</p> <p>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</p>	<p>Virtually all sampling for exploration and resource estimation purposes at the Lanfranchi Nickel Mine (LNM) is based on diamond drill core. Sample selection is based on geological core logging. Individual samples typically vary between 0.2m and 1.2m in length.</p>
Drilling techniques	<p>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</p>	<p>Diamond drilling at LNM is typically NQ2 or LTK60 size. Occasionally BQ and HQ core size holes have been drilled.</p>
Drill sample recovery	<p>Method of recording and assessing core and chip sample recoveries and results assessed.</p> <p>Measures taken to maximise sample recovery and ensure representative nature of the samples.</p> <p>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</p>	<p>All recovered diamond core is metre marked by on site geologists; any core loss is determined and recorded as part of the geological logging process. Core recovery is typically 100 percent.</p> <p>No relationship exists between core recovery and grade.</p>
Logging	<p>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</p> <p>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</p> <p>The total length and percentage of the relevant intersections logged.</p>	<p>All core is geologically and geotechnically logged to a standard appropriate for exploration and mineral resource estimation purposes. Core is logged from start to end of hole without gaps. Core photography is not undertaken. Drill holes are logged using Excel templates that are code restricted to ensure that only approved data can be entered. The Excel templates are then uploaded to the Lanfranchi SQL Server drill hole database via Datasheet.</p>
Sub-sampling techniques and sample preparation	<p>If core, whether cut or sawn and whether quarter, half or all core taken.</p> <p>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</p> <p>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</p> <p>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</p>	<p>All diamond core is cut using electric core saw and half core sampled for assay. Quarter core samples are sent as part of the LNM QAQC process for check assaying. Sample intervals typically vary between 0.2m and 1.2m and are positioned as to not cross geological boundaries.</p>

Criteria	JORC Code explanation	Commentary
	<p>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</p> <p>Whether sample sizes are appropriate to the grain size of the material being sampled.</p>	
Quality of assay data and laboratory tests	<p>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</p> <p>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</p> <p>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</p>	<p>All LNM drill hole samples are analysed by Kalassay Group. The Laboratory process for LNM samples involves: Crush sample to <3mm, pulverise to 90% passing 75um (lab blanks introduced and pulverised at this point). From the pulverised sample, a 0.2g assay aliquot is taken and weighed then digested by 4-Acid digest and analysed by ICP-OES instrument. Laboratory QA/QC is performed on standards, blanks and duplicates. The LNM policy is to scrutinize the results for QA/QC standards and blanks when assay jobs are reported and to request re-runs if result are $\pm 1SD$ from the expected value.</p> <p>No other geophysical or analytical tools have been used to estimate grade.</p> <p>Certified Reference Material (QAQC) samples are routinely inserted during all sampling at LNM. In addition samples are routinely sent for check analysis at a different Laboratory. The QAQC results indicate that the diamond core assays being used for resource estimation at LNM are a fair representation of the material that has been sampled.</p>
Verification of sampling and assaying	<p>The verification of significant intersections by either independent or alternative company personnel.</p> <p>The use of twinned holes.</p> <p>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</p> <p>Discuss any adjustment to assay data.</p>	<p>Significant intersections are calculated by mine geologists and verified/reported on a monthly basis by the Geology Manager.</p> <p>Twinning of drillholes is not performed at LNM</p> <p>Assay data are imported directly from the Kalassay assay files and QA/QC validated via Datashed to the LNM SQL drillhole database.</p> <p>No adjustment to assay data is made.</p>
Location of data points	<p>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</p> <p>Specification of the grid system used.</p> <p>Quality and adequacy of topographic control.</p>	<p>Drill hole collars are accurately surveyed for X,Y,Z and azimuth and dip by site Surveyors using "Total Station" control. Older holes may/may not have collar azimuth/dip measurements. Down-hole surveys are generally conducted using single shot or reflex multishot tools at 15m, 30m and every 30m thereafter.</p> <p>The LNM drill hole database contains both MGA94 and local mine grid (KNO) coordinates. All site geological and mine planning work is performed in the local KNO grid system.</p> <p>Conversion from KNO grid to MGA GDA94 Zone 51 is based on a two point transformation:</p> <p>389084.61E, 513790.88N = 389351.47E, 6513980.38N</p> <p>389044.77E, 513543.54N = 389313.70E, 6513732.77N</p>
Data spacing and distribution	<p>Data spacing for reporting of Exploration Results.</p> <p>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p>	<p>LNM resource estimation drill holes are typically drilled on a regular grid spacing that varies according to the size and consistency of the resource being drilled. Due to the consistent grade and low Coefficient of Variation of nickel mineralisation generally, resource definition drilling at LNM is more for volume estimation purposes than grade estimation.</p> <p>Data spacing is deemed to be sufficient for Mineral Resource estimation and reporting.</p>

Criteria	JORC Code explanation	Commentary
	Whether sample compositing has been applied.	LNM exploration holes are not drilled on regular grid pattern. No sample compositing is undertaken; all core samples are logged and analysed in full.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Underground drill sites are not always ideally positioned for resource definition drilling however no sampling orientation bias is evident. The Ni grade is typically very consistent within individual resource domains and therefore drill orientation is not a determinant for reliable grade estimation
Sample security	The measures taken to ensure sample security.	All diamond core samples are taken directly from site to Kalassay for analysis via a local courier service. Sample security is considered adequate.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No recent audit of the sampling techniques and procedures at LNM has been undertaken. All the LNM Mineral Resource estimates are audited by independent consultants BM Geological Services. Minor adjustments to model dimensions, geostatistical analysis and application of top-cuts (where required) and adjustments to search parameters have been made on occasions following this audit process.

Lanfranchi Project – Table 1, Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Lanfranchi Nickel Mine (LNM) is an operating mine secured by a contiguous block of 35 Mineral Leases, 1 Mining Lease and 1 Prospecting Licence, covering the Tramways Dome 40km south of Kambalda in WA. All tenure is current and in good standing. Panoramic Resources Limited (Panoramic) has the right to explore for and mine all commodities within the tenements other than gold. The LNM is an operating mine with all statutory approvals and licences in place to operate. The mine operates under an off-take agreement to mine and deliver nickel ore to BHP-Billiton's Nickel West Kambalda concentrator.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	The LNM tenements were purchased by Panoramic in 2004 from WMC Resources Ltd. WMC had held the Lanfranchi Tramways tenements and explored the region since 1967. WMC commenced mining at the LNM in 1976.
Geology	Deposit type, geological setting and style of mineralisation.	Panoramic mines nickel sulphide rich ore from several deposits at Lanfranchi. All deposits belong to the "classic" Kambalda style, komatiite hosted, nickel sulphide class of deposits.
Drill hole Information	A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> ○ easting and northing of the drill hole collar ○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar ○ dip and azimuth of the hole ○ down hole length and interception depth ○ hole length. ○ If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	Panoramic routinely drills surface and/or underground exploration holes about the Tramways Dome in search of additional nickel sulphide mineralisation. Details of the LNM exploration holes mentioned in this accompanying document can be found in Table 1 of the document.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</p> <p>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p> <p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>Sample length weighted average grades are typically calculated using the Intercept Calculator within the DBMS DataShed for most publicly reported LNM exploration drill hole data. Parameters used are a1.0% Ni lower cut-off, minimum reporting intercept of 1m, and a maximum internal waste of 1.5 consecutive metres.</p> <p>For Lower Schmitz drill hole intercepts the process is essentially the same except the individual sample SG values are also incorporated in to the weighting calculation.</p>
Relationship between mineralisation widths and intercept lengths	<p>These relationships are particularly important in the reporting of Exploration Results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</p> <p>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</p>	<p>All LNM exploration drilling is conducted on the KNO local grid system. For public reporting purposes drill hole coordinates are expressed in MGA94 coordinates in accordance with JORC 2012 requirements. Where the geometry of the mineralisation is known the estimated true width of mineralisation will be reported. Where the mineralisation geometry is not sufficiently known the down-hole intersection length of mineralisation is reported, and clearly stated to be the case.</p>
Diagrams	<p>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</p>	<p>Based on the material nature of the LNM exploration results being reported on, the diagram in the body of the accompanying report is considered sufficiently appropriate.</p>
Balanced reporting	<p>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</p>	<p>Based on the material nature of the LNM exploration results being reported on in the accompany document, the report is considered to be sufficiently balanced.</p>
Other substantive exploration data	<p>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</p>	<p>No other exploration data is considered material to this report at this stage.</p>
Further work	<p>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</p> <p>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</p>	<p>Routine exploration drilling is ongoing at the LNM. The results reported herein will, at least in the short term, have a material effect on the planned exploration programs currently underway at the LNM. Immediate follow-up programs are being developed to undertake further work in the subject area of this release.</p>