SEPTEMBER 2016 QUARTERLY CASH FLOW REPORT

Panorama Synergy Limited (ASX:**PSY**) (**Panorama** or the **Company**) has today released its quarterly cash flow report for the period ending 30 September 2016.

COMMENTARY

The Company continues to make progress on developing its technologies and during the September quarter incurred approximately $467,000 on research and development expenses. The Company is continuing discussions with potential collaboration partners, and following successful field testing undertaken this quarter, Panorama is actively working towards a commercial collaboration agreement based on its first demonstration chip-based spectrometer utilising its patented MES technology.

The Company confirms it holds a cash balance of $2.699 million at the end of the September quarter.

In addition, the Company has recently lodged an R&D Tax Incentive Application (**Application**) with AusIndustry for the 2015-2016 financial year. The Application covers the numerous research projects the Company has undertaken over that period and was prepared with the assistance of the Company's taxation adviser, Ernst & Young.

Based on the research activity undertaken during the 2014-2015 financial year, the Company received a cash grant of $386,726 under the R&D Tax Incentive. Given the increase in research and development expenditure undertaken during the 2015-2016 financial year, the Company anticipates it may receive a cash grant in excess of $500,000 under this Application, subject to the approval of the Australian Taxation Office.

ANNUAL GENERAL MEETING

The Company has recently despatched its Notice of Annual General Meeting (**AGM**) to shareholders and confirms the 2016 AGM will be held on Tuesday 29 November at 3pm in Melbourne.

The Notice of Annual General Meeting also includes an Explanatory Memorandum which outlines a number of important resolutions to be considered. Shareholders are encouraged to read the Notice of Annual General Meeting and the Explanatory Memorandum and vote on the resolutions. Shareholder votes can be lodged using the Proxy Form or lodged online at www.linkmarketservcies.com.au

In addition to formally considering the shareholder resolutions, the Company will make a presentation at the AGM providing an update to shareholders on its technical progress and outlining its technology development and commercialisation strategy for the next 12 months. For those shareholders unable to attend the AGM, the Company confirms that the presentation will be simultaneously announced to the ASX.

FORFEIT OF MANAGING DIRECTOR OPTIONS

Mr Terry Walsh has voluntarily forfeited his right to 3,300,000 unlisted options. 1,100,000 options were granted on 27 February 2015, with an exercise price of $0.70 and expiring on 30 September 2017. 2,200,000 options were granted on 27 February 2015, with an exercise price of $1.20 and expiring on 30 September 2018.

– ENDS –

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About Panorama Synergy

Panorama Synergy is a technology company focused on the commercial and technological advancement of its LumiMEMS™ optical readout system and micro-spectrometer technology. These unique technologies have been pioneered by the Microelectronics Research Group (MRG) team at the University of Western Australia (UWA). MRG took the far-sighted decision to be a global centre of excellence in MEMS over a decade ago, creating the opportunity for these breakthroughs. UWA and Panorama Synergy have been partnering in research activities over much of this time.

Website: www.panoramasynergy.com

About MEMS

Micro Electro Mechanical Systems (MEMS) are very small machines built using computer chip technologies. MEMS are highly sensitive machines able to detect and measure chemical and biologic substances, movement and acceleration, gravity, diseases, explosives, food quality and authentication, mineral assessments and a wide range of other applications. Their small size allows them to be robust, draw little power, be lightweight and able to be incorporated into devices such as smart phones and numerous other devices. The Sensor industry, itself a subset of the Internet of Things market, is currently in excess of US$100 billion, with significant growth rates. Products under development are based on various detection methods, including micro-spectroscopy.

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity
Panorama Synergy Limited

ABN	**Quarter ended ("current quarter")**
84 060 369 048	30 September 2016

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) research and development	(467)	(467)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	-	-
	(d) leased assets	-	-
	(e) staff costs	(145)	(145)
	(f) administration and corporate costs	(382)	(382)
1.3	Dividends received (see note 3)		
1.4	Interest received	6	6
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material) - Prepaid deposits refunded	6	6
1.9	**Net cash from / (used in) operating activities**	**(982)**	**(982)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(8)	(8)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(8)**	**(8)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,689	3,689
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(982)	(982)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(8)	(8)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**2,699**	**2,699**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	2,699	3,689
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,699**	**3,689**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	191
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Includes payment of accrued fees, superannuation payments and expense reimbursements for all executive and non-executive directors as well as payments to companies associated with directors related to the provision of consulting services, on commercial terms.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

N/a

		Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*		
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Research and development	519
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	-
9.4	Leased assets	-
9.5	Staff costs	279
9.6	Administration and corporate costs	365
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**1,163***

* The estimate of cash outflows does not fully reflect the anticipated net cash flow for the next quarter, as it excludes cash inflows, such as cash receipts received from the Australian Taxation Office for eligible research activities conducted under the R&D Tax Incentive scheme.

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: .... Date: 31 October 2016
Executive Chairman

Print name: Dr Nigel Finch

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.