

25 November 2019

UPDATE ON IGO OFFER, OPERATIONAL REVIEW AND FUNDING

Highlights

- Panoramic Directors maintain their recommendation to **TAKE NO ACTION** in relation to IGO's Offer
- IGO's Offer remains highly conditional and must remain open to Panoramic shareholders for a minimum period of one month from today
- FY2020 production guidance updated as part of the ongoing Operational Review
- Panoramic executes an unsecured short-term loan agreement with Zeta as an interim short-term funding step

IGO Offer update

Panoramic Resources Limited (ASX: PAN "**Panoramic**" or the "**Company**") notes that Independence Group NL (ASX: IGO) ("**IGO**") has today begun the dispatch of its Bidder's Statement to Panoramic shareholders in relation to the unsolicited, highly conditional off-market takeover bid announced by IGO on 4 November 2019 ("**Offer**").

The Offer opens today and is expected to close at 7.00 pm (Sydney time) on 27 December 2019, subject to any extension in accordance with the Corporations Act.

The Panoramic Board reiterates that **THERE IS NO NEED TO TAKE ANY ACTION** in relation to the Offer and Panoramic shareholders should not respond to the Bidder's Statement nor take any steps to accept the Offer at this time. Panoramic will respond formally to the Offer in its Target's Statement (including providing a Board Recommendation) which is expected to be sent to Panoramic shareholders in mid-December 2019. The Company recommends that Panoramic shareholders properly consider the Target's Statement and seek independent advice about the Offer and its consequences.

The Offer remains highly conditional and the Company expects that there will still be a significant period of time for Panoramic shareholders to determine a course of action following receipt of the Target's Statement. **There is no benefit in accepting the Offer (or taking any other action) at this time given the highly conditional nature of the Offer.**

As part of its response to the IGO Offer, Panoramic has offered due diligence access to a number of parties, including IGO (*refer to the Company's ASX announcement of 22 November 2019*).

As advised in previous announcements, the Company has breached a number of conditions to the Offer, and in its Bidder's Statement, IGO has reserved its rights to rely on any breach of these conditions to terminate its Offer, or to waive any breach.

Directors

PETER SULLIVAN

Non-Executive Chairman

VICTOR RAJASOORIAR

Managing Director & CEO

NICHOLAS CERNOTTA

Non-Executive Director

REBECCA HAYWARD

Non-Executive Director

GILLIAN SWABY

Non-Executive Director

TREVOR ETON

CFO / Company Secretary

Operational Review and updated guidance

As announced on 14 November 2019, Panoramic's new Managing Director and CEO, Mr Victor Rajasooriar is leading a review of the Company's operations at Savannah ("**Operational Review**") with the key objectives of stabilising and improving short-term operational performance at the Savannah Project and optimising Savannah North development plans.

The first component of the Operational Review is now complete, with the Company having determined new production guidance for FY2020 of 7,000-7,500t Ni contained, 4,500-5,000t Cu contained and 400-450t Co contained. This guidance has triggered a breach of condition 12.8(h) of IGO's Bidder's Statement (*refer below*).

The remainder of the Operational Review is continuing, and full results will be announced as soon as possible and in any event within the next two weeks.

Update in relation to funding

As a result of the updated FY2020 production guidance and factoring in the softening in the US\$ nickel price since the end of the September 2019 quarter, the Company has undertaken a reforecasting of its cash flows and currently anticipates a need for additional short-term funding of \$30 million (after costs). The Company is considering the options available to it in relation to this funding requirement which may, as previously announced, include an entitlement offer of new shares to Panoramic shareholders. Further details will be advised in due course.

As an interim measure, the Company has executed a A\$10.5 million unsecured loan agreement with Zeta Resources Limited (ASX:ZER) ("**Zeta**") ("**Loan Facility**"). The Loan Facility provides the Panoramic Board with the financial flexibility to meet its short-term working capital requirements, pending final determination of the structure, timing and terms of its preferred funding alternative.

The key terms of the Loan Facility are as follows:

- Principal amount of \$10.5 million.
- Interest rate of 5% per annum (increasing to 10% if the loan has not been repaid before 31 December 2019).
- The Loan Facility is unsecured and there are no financial covenants.
- Amounts drawn (together with any interest accrued) under the Loan Facility are repayable on the earlier of:
 - a change of control in the Company (being someone obtaining voting power of more than 50% and if there is a bid it becomes unconditional, or a scheme becomes effective);
 - the last date shares are issued under any entitlement offer undertaken by the Company;
 - the occurrence of an event of default (which are limited to breaches of obligations, representations and warranties, and insolvency events); and
 - 30 June 2020 (the "**Maturity Date**").
- Zeta undertakes to subscribe for its pro-rata share of any entitlement offer by the Company, provided it opens before 31 January 2020 and is for no greater than \$35 million. Zeta may elect to set off the application monies due under that entitlement offer against the amounts owed to Zeta under the Loan Facility.
- An establishment fee of 1.0% of the loan amount is payable on the Maturity Date (increasing to 1.5% if the loan has not been repaid before 31 December 2019).

Panoramic advises that Macquarie has provided a waiver under the Savannah Facility Agreement in connection with the Loan Facility. This grant of this waiver has triggered a further breach of condition 12.8(i) of IGO's Bidder's Statement. As previously advised, it is open to IGO to rely on any breach of a condition to seek to terminate the Offer, or to waive any breach.

Next steps

The Panoramic Board will continue to make announcements on further developments so that shareholders remain fully informed.

Shareholders continue to be advised to TAKE NO ACTION in relation to the Offer or any document received from IGO until they receive the Target's Statement and the Panoramic Board's formal recommendation.

The Company has despatched the postcard in relation to the Offer attached to this announcement to all Panoramic shareholders (*refer Attachment*).

Information on the Offer can be found on the Panoramic website and a shareholder information line has been established which shareholders are directed to contact with any inquiries. The Panoramic shareholder information line is open from 9:00am to 5:00pm AEDT and can be contacted on the following telephone numbers:

- 1300 362 398; or
- +61 2 8355 1004

For further information contact:

Victor Rajasooriar, Managing Director & CEO
+61 8 6266 8600

Media inquiries:

Michael Vaughan, Fivemark Partners
+61 422 602 720

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 pending a sustained recovery in the nickel price.

After delivering an updated feasibility study on the Savannah Project in October 2017, securing an offtake customer and putting in place project financing in July 2018, the Company made the decision to restart operations at Savannah with first concentrate shipped from Wyndham on 13 February 2019. The Lanfranchi Project was sold in December 2018 for a total cash consideration of \$15.1 million, providing additional financial support for the re-commissioning of the Savannah Project.

Apart from the nickel, copper and cobalt inventory at Savannah, the Company has a diversified resource base including platinum group metals (PGM) and gold. The PGM Division consists of the Pantom Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada, which is in the process of being sold to Benton Resources for C\$9 million. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold is an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% shareholding in Horizon.

Attachment

**SHAREHOLDERS ARE ADVISED
TO TAKE NO ACTION IN
RELATION TO THE UNSOLICITED
TAKEOVER OFFER FROM
INDEPENDENCE GROUP NL.**



TAKE NO ACTION

Independence Group NL (IGO) has today dispatched its Bidder's Statement in relation to its unsolicited, highly conditional Takeover Offer. The Panoramic Resources Ltd (Panoramic) Board strongly advises that you **TAKE NO ACTION** at this stage.

The Offer must remain open for a minimum of one month. You will have ample time to determine the appropriate course of action following receipt of the Target's Statement and the Panoramic Board's recommendation.

There is no benefit to you in accepting the Offer at this stage. You will not receive shares in IGO while the Offer remains conditional so there is no pressure on you to make a decision about the Offer.

Please visit Panoramic's website for further information. Enquiries should be directed to the Shareholder Hotline.

Website: panoramicrosources.com

Shareholder Hotline: 1300 362 398 or +61 2 8355 1004



ABN: 47 095 792 288

POSTAGE
PAID
AUSTRALIA
PRIORITY

[Full Name]
[Address Line One]
[Address Line Two]
[CITY STATE POSTCODE]