



Vision, Commitment, Results

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CHAIRMAN'S ADDRESS - 2009 ANNUAL GENERAL MEETING

Panoramic Resources Limited AGM – 17 November 2009

As I said in the Annual Report, the past year has been a roller coaster for commodity prices and our shareholders. We saw the nickel price fall below US\$4/lb as demand fell off a cliff and then rebound to around US\$9/lb before the recent pullback to around \$7.50/lb. The good news is that the global recovery is gathering momentum, and 2010 onwards is looking brighter.

Since June, LME nickel stocks have increased to over 130,000 tonnes and many producers have slowed production, cut back or shutdown. Nickel is a funny business. It is governed by many factors. Stainless steel demand is paramount to nickel consumption, while nickel supply is sourced from primary production of varying cost bases (sulphide, laterite, nickel pig iron, etc) and significant quantities from secondary supply sources, predominantly scrap stainless steel. The supply/demand balance, together with hedge fund speculation, has a major effect on the nickel price and hence the selling price of our nickel containing products. We understand that a large proportion of the nickel held in stock on the LME is held by Chinese investors, and most of the product has come from Norilsk. These stocks are understood to be held as part of a hedge strategy by the investors against a falling US dollar.

Nickel is a metal vital for industrial growth and consumption has grown steadily since the mid 1960's. The relative scarcity of nickel sulphide orebodies together with the high capital cost and technical risk on new laterite projects bodes well for nickel prices into the future, and we believe will support a long run average price of between US\$8-10/lb with the usual volatility about that average. All good news for an established sulphide nickel producer like us.

As a mining Company, we are constantly looking for opportunities to spread our commodity risk and increase shareholder value. We are primarily targeting resource projects where we can add value through funding exploration all the way to buying operating assets that are non-core to the seller and can be run more efficiently by our team.

Last year we sought to protect shareholders from the fallout of the *Global Financial Crisis* and to ensure the Company remained profitable. We supported management's efforts to reduce costs by cutting all wages, salaries and directors' fees by 10%. This discipline was accepted by the workforce as necessary, and we are grateful for their acceptance of this process. Now things are improving we will reward our employees for "staying the course". It should be noted we are one of the few mid-cap resource companies in Australia to report a profit and pay a dividend for the 2008/09 fiscal year.

We cut back our exploration expenditure in late 2008 to conserve funds, but as things have improved, we have refocused on our targeted exploration programs and are budgeting to spend at least \$8 million this year. We plan to continue to add resources to our nickel inventory which is already large enough to see us through to 2020, subject to favourable commodity prices and the US\$/A\$ foreign exchange rate.



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This year we acquired the 25% of Lanfranchi which we did not own. The operation will be easier to operate with one owner from a management perspective, and we are delighted to now control 100% of this valuable asset. We also gained a new group of shareholders from Brilliant Mining who I am sure will be pleased with their new holdings in a larger nickel miner.

Safety is our No. 1 value and our safety Mission Statement remains:

- VISION – Safety is a value not just a priority
- COMMITMENT – Safety improvement through leadership
- RESULTS – Safely home every day

We will not tolerate any activity in the workplace that puts the lives or health of our employees at risk. Our focus on safety continues to return results, and we are seeing a noticeable improvement in the safety performance at both the Company's operations.

Executive remuneration is a major focus at the moment and we, at Panoramic, are conscious of this. It should be noted that everyone in the Company took a 10% cut this year to their base salary, and forewent certain benefits such as increased superannuation and company funded private medical cover, to ensure the Company remained profitable and could pay a dividend. It is disappointing that some commentators continue to denigrate rewards given to high achievers who build and develop successful businesses rather than focus on the positive aspects of their work in building companies and providing jobs.

In our case Peter, together with his dedicated team, has driven this Company since it was started nine years ago, and we now have a profitable, dividend paying enterprise worth about \$500 million with more than 500 employees and a very bright future. In order to attract and retain personnel and motivate them to achieve excellence and run an efficient, profitable and growth orientated business, we have structured our salaries, short term incentives (STIs) and long term incentives (LTIs) to ensure we can continue to deliver. Our commitment to the work force is to pay them on a competitive basis and reward them through the STIs and LTIs for dedication and when the business does well.

The STI system is based on cash bonuses paid from a % of profits while the LTIs are currently based on a Shareholder Approved Share Rights program. Importantly, with the share rights the Company must achieve the hurdles set at the start of this rights program in order for them to vest. Every STI and LTI this Company offers to its staff and management has in the past, and will in the future, be based on achieving better and improved results which will add far more value for shareholders than the cost of these incentives.

Despite the difficulties of the past year our team has remained motivated. Peter leads this team with distinction and flare. It says a lot for Peter's leadership that we still have the same bunch of great people working in the executive team - Chris Williams our General Manager Operations, Trevor Eton our CFO, our Exploration Manager John Hicks, and our managers at the operations – Terry Strong, Steve Kelleher and Rob Thorburn, and Simon Jessop who has returned to Perth in a special projects role.

Some of our younger folk are developing nicely, and I would particularly like to mention Tim Shervington who has spearheaded the development of a new loading system at Wyndham, and Wade Evans who has worked hard to find new projects for the Company.

We will continue to review opportunities for commodity diversification and more efficient and cost effective ways of mining and processing our ore and delivering our products to our customers. In these efforts, I am convinced our people will continue to back Peter to the hilt.

I have to thank all of our people for their efforts in the past year. With all the exploration activities, together with a solid production target, 2009/10 promises to be another exciting one for the Company and I am confident you will all be rewarded with positive results in 2010 and well into the future.



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Peter will provide you with a more detailed update of the year that was and what you can look forward to in the future from Panoramic.

Thank you.

Christopher de Guingand
Chairman

About the Company:

Panoramic Resources Limited (ABN:47 095 792 288) is an established Western Australian based nickel sulphide producer with two underground mines, the Savannah Project (100% owned) in the Kimberley, and the Lanfranchi Project (100% owned) 42km south of Kambalda. In FY2009 our operations produced a record 18,750t Ni contained (preliminary figure). The Company is forecasting to produce between 18,000 to 19,000 tonnes Ni contained in FY2010. Panoramic has a significant exploration portfolio in the Kimberley and at Lanfranchi and is expanding exploration activities in order to grow the resource base and to increase the operations' mine life. Panoramic is continuing to assess opportunities to grow the Company through acquisitions of projects and/or companies that would be complementary to existing business, and reflect the Company's commodity expertise and risk profile.

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