



17 October 2011

ASX: PAN

Chairman's Address to 2011 Annual General Meeting

Ladies and gentlemen welcome to the Annual General Meeting of Panoramic Resources Limited.

As this is the last time I will address you as Chairman I would like to thank the shareholders for allowing me to be part of your Company for the last six years. The Company has come a long way from its humble start as a \$3 million IPO in September 2001 to become a profitable nickel miner with a strong balance sheet, diversified asset base, a professional team, both management and employees, and an opportunity for growth. We have had a roller coaster ride over the last twelve months as all markets coped with the crises in the United States and Europe. Notwithstanding the GFC and the volatile equity and commodity markets over the past 12 months, it has by and large been a fascinating and interesting experience. I am proud of what we have achieved over the past six years which includes:

- Significant improvements in our safety culture and performance;
- Strong production and recording a profit every year;
- Discovering Deacon, Helmut South Extension and growing our resource and reserve base both at Savannah and Lanfranchi;
- Buying the Gidgee Gold Project; and
- Developing a strong management team and corporate culture.

The Company is an underground miner selling nickel in US\$ in a high cost environment and it has not been easy to compete on a world scale with such a strong A\$. As I stated in the Annual Report, Peter and his team have had to work extremely hard to keep costs down and cope with increased mining depths, lower metal prices, the high A\$ and still make a profit. It is pleasing to note that ore grades are higher so far this year and hopefully will remain close to these levels in the future. The US\$/A\$ dollar exchange rate remains unfriendly for exporters and the volatility we are currently experiencing makes it hard to predict where it might be in a week, let alone over the rest of this year, or in future years.

We have continued to explore on our leases and while we have not reported any major new discoveries in the last 12 months, our exploration activities continue to confirm the concept of resource extensions and continuation of robust nickel grades being out there at both Savannah and Lanfranchi. It was pleasing to be able to report increased resources at Cruickshank on our Lanfranchi leases. It is to be hoped that my successor will be able to report exciting discoveries and extensions in the ensuing twelve months. There is no doubt we will keep looking and have plenty of targets still to test.

The move into gold this year with the acquisition of the Gidgee property is an important diversification for the Company in line with our Mission Statement. Not only is the resource base a good start, but the exploration potential is extremely promising. We are hopeful that gold will be part of our revenue stream within the next two years. I am confident that this will prove to be an important asset of the Company for many years to come.

We have spread our search for properties far and wide and as well as seeking new opportunities in Australia we have invested money in other ventures in Chile and Scandinavia both of which are showing considerable promise. Regrettably, when seeking these opportunities we will inevitably go up a few dry gullies. I guess the main attribute is to know when to cut and run. Nevertheless the board has encouraged Peter and his team to keep looking and seek opportunities to expand our resource base and hopefully find, through exploration and joint ventures, new assets for the Company to develop.

At Panoramic we are extremely cognisant of our responsibilities to the Traditional Owners (TOs) and the other stakeholders in the areas in which we work. We are proud of our relationship with the TOs and our neighbours. At Savannah we are contributing to the advancement of the local TOs through our royalty payments which assist with education, health, work opportunities and cultural training programs.



We have an excellent relationship with them and will work to ensure it continues.

This address gives me the opportunity to comment on two issues of more general concern.

Firstly, it is in my view disappointing that Australian industry is to be burdened with an ill-conceived carbon tax that could well put the Australian economy at a disadvantage and which many observers believe may have no effect whatsoever on climate change.

Secondly, I am concerned with the way remuneration is reported and treated. I believe it is important that the remuneration of all sectors (public and private) should be the subject of more thorough scrutiny. The basis of the way the senior management at Panoramic is rewarded is as follows:

- Payment for full time services commensurate with skills and qualification;
- Short term incentives (STIs), cash based, for meeting certain operational, financial, business growth and other agreed and relevant KPI's; and
- Long term incentives (LTIs), equity based, to reward the building of shareholder wealth.

The concentration of the public interest seems to be on the apparent size of the package rather than the effect of the package. In my view the reporting of remuneration in financial statements can be misleading. Long term incentives are valued in the accounts at the grant date for reporting purposes on the basis of potential rewards. If long term incentives do not vest for one reason or another and therefore have no value or are reduced in value, in most cases, financial statements are not adjusted to reflect what actually transpired. Due to this inconsistency across different reporting periods, the current accounting standards should be reviewed and, if necessary, changed in order that a company's accounts reflect what an executive actually received as part of his or her remuneration.

As this is my last opportunity to speak to you from this position I would like to thank you the shareholders for allowing me to serve you for the past six years. It has been a pleasure to catch up with a number of you on an annual basis. The small shareholders in Panoramic, and most other mid capped mining companies, have had a roller coaster ride over this period as have I, however we have paid a dividend every year since 2007 and much of our current share price weakness can be attributed to the perceived poor outlook for the nickel price. To all those shareholders, big and small, who have invested with us and been great supporters, I

appreciate the faith you have had in us. No doubt, like me, you would prefer to have a higher share price. I can assure you we are working hard to continue to mine nickel profitably, re-open Gidgee, find new orebodies and develop existing ones and have a good platform from which to grow the business.

Nickel has been a fickle master and we cannot do much about the price. Let me add that I still believe in the virtues of the metal. It is essential to modern society and it is a critical element of transportation infrastructure and the building of a modern economy, hence the massive use in China which now uses half of the world's nickel supply and the potential for significant demand increase from India. Nickel's uses are many and while stainless steel dominates, other uses such as batteries, super alloys and electroplating will become increasingly important. I have always been a student of the market and I strongly believe in the continued growth of the end uses of nickel. The world is short of sulphide nickel to feed existing smelters and that is what we produce.

I cannot praise our Managing Director too highly. He is the best team builder I have ever met. The working atmosphere within the Company is as good as it gets. Peter enjoys complete loyalty from his team and they support him. Thank you Peter for your leadership. The Company is lucky to have someone like you at the helm.

To the remaining members of the board, thank you. You have been great colleagues and contributors. To Brian, who is to take over my role good luck, I know you will be a great Chairman and provide sound guidance to Peter, while at the same dealing with Corporate Governance issues in a diligent manner.

Peter will now present on the year that was and what we have in store going forward.

Thank you.

Chris De Guingand
Chairman



About the Company

Panoramic Resources Limited (ASX Code **PAN**, ABN 47 095 792 288) is an established Western Australian mining company operating two 100% owned underground nickel sulphide mines, the Savannah Project in the Kimberley, and the Lanfranchi Project 42km south of Kambalda. On a Group basis, Panoramic produced 17,027t nickel contained in FY2011 and is forecasting to produce between 17,500 to 18,500t nickel in FY2012. In February 2011, the Company acquired the Gidgee Gold Project, located 640kms north-east of Perth. Exploration and evaluation studies have commenced at Gidgee, with the aim of expanding the existing 310,000oz gold resource. The Panoramic Group has strong cash reserves, no bank debt and is continually looking to grow its existing business through internal exploration success, outside acquisitions and/or joint ventures.

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