



21 November 2012

ASX: PAN

Chairman's Address

Chairman's Address to the 11th Annual General Meeting of Shareholders

To be held at 9.30am (WST) on Wednesday 21st November 2012, at the Duxton Hotel, 1 St George's Terrace, Perth, Western Australia

Dear shareholders,

Welcome to Panoramic Resources 11th Annual General Meeting.

As I said in my letter to shareholders in this year's Annual Report, we are living through quite an extraordinary period in the Company's history. Notable achievements in FY2012 included:

- Significant improvement in our safety performance with the LTIFR dropping from 8.21 to 3.69;
- Record nickel production of 19,791 tonnes contained in concentrate and ore;
- Net cash flow from the operations before tax of \$38.2 million;
- Average nickel payable cash costs of A\$6/lb; and
- A two cent interim dividend paid in March bringing aggregate fully franked dividend payments to \$102 million since 2005.

Very importantly and a testament to the strategic thinking of your Company's management, has been the successful move over the last two years to diversify our commodity exposure to include gold and platinum group metals (PGMs). We now have gold resources of over 2.1 million ozs and PGM resources of over 2.8 million ozs.

In the Gold Division, we are well advanced with the feasibility study on the Gidgee Gold Project, having delivered a positive Scoping Study in August 2012. We are currently seeking indicative terms for financing options for the Gidgee construction costs. The project has been scoped to produce 80-90,000oz gold per annum over an initial seven year mine life at an estimated cash cost of A\$870/oz, commencing in the second half of 2014. During the year we added a 70% interest in the Mt Henry Project to our asset base. We have commenced the Feasibility Study based on open pit mining of the Mt Henry orebodies which, based on the previous owner's work, could produce 100,000oz gold per annum for at least 10 years. The Feasibility Study of Mt Henry is due for completion in 2013 and could be our second gold mine, with production as early as mid 2015, within a year of the commissioning of the new Gidgee mill.

In our PGMs Division, drilling for possible resource extensions has continued on the Thunder Bay North Project in Canada, while the review of processing options and optimum final products has progressed. We were also fortunate to have acquired, during the year, the Panton PGMs Project in the Kimberley, 60km south of our Savannah Nickel Operations. We plan to review previous studies of Panton to determine the best way forward for this project, including a study of possible alternative flowsheets and synergies with the Savannah Operations.

We remain confident that shareholders will be rewarded from our diversification strategy. The gold price remains strong and appears to be in a continuing uptrend, while PGM prices have firmed recently in reaction to the industrial and political uncertainties in southern Africa, and we believe the outlook is positive based on strong demand forecasts and potential supply shortfalls.



While Panoramic has moved sensibly to diversify our minerals portfolio to include gold and PGMs, we are still a nickel producer, with our two underground operations at Savannah and Lanfranchi. Unfortunately, the A\$ nickel price has recently approached break-even levels due to a combination of weaker US\$ nickel prices and the strong A\$. There are some analysts forecasting stronger nickel prices in 2103, however the high A\$ remains a real concern for our nickel business. In addition to the extraordinarily strong A\$, which is a hurdle that our business cannot lower, and seriously impacts the competitive position of all Australian mineral exporters, the competition for skilled and professional labour has resulted in salaries and wages in the mining industry reaching levels that are, in my view, unsustainable. The lower US\$ nickel price, high A\$, high wages and high energy prices have all combined to create uncertainty and reduced confidence in capital investment in the minerals industry. In the face of this adversity, we must make our nickel mines competitive; to do this, we are taking action to reduce our costs, with an initial target of \$10-15 million per annum in savings. This will necessarily impact on areas of longer term benefit, including non-mine exploration and potentially other areas.

As in previous years, the efforts of our people have been outstanding. In what has been a very competitive market, it is a credit to our Managing Director, Peter Harold and the management team that we have been able to retain such competent operating and corporate teams. The 2013 year will be a transition year for us at Panoramic as we contain our corporate and site operating costs, while at the same time commence development of the Gidgee gold mine and advancing our other gold and PGMs projects.

As always, I thank all our employees and contractors for their hard work during the year, and I would also like to recognise the support of our shareholders.

Brian Phillips
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 East Kimberley, and the Lanfranchi Project near Kambalda, Western Australia. On a Group basis, Panoramic produced a record 19,791t of nickel contained in FY2012 and is forecasting to produce between **18,000 and 19,000t** of nickel in FY2013. Panoramic is an S&P/ASX 300 Index Company with a strong balance sheet, minimal bank debt and a growing nickel, gold and PGMs resource base, employing more than 500 people (including contractors).

In early 2011, Panoramic acquired the Gidgee Gold Project, located near Wiluna, Western Australia. Panoramic recently purchased the high-grade Wilsons Project located within the Gidgee tenement package as well as a 70% interest in the Mt Henry Gold Project. Panoramic's Gold Resources now contain 2.07M oz of gold. Panoramic released a Scoping Study in August 2012 on the recommencement of gold production from Gidgee and has commenced a Bankable Feasibility Study on the Mt Henry Project.

The Company has recently expanded into Platinum Group Metals (PGMs) with the purchase of the Panton PGM Project located approximately 60km south of the Savannah Project in the East Kimberley, which contains approximately 1.0Moz of Pt and 1.1Moz of Pd in Resource. Following the takeover of Magma Metals, Panoramic also owns the Thunder Bay North PGM Project in northern Ontario, Canada which contains approximately 0.4Moz Pt and 0.4Moz Pd and a suite of exploration projects for gold and base metals in Western Australia.

The Company's vision is to broaden its exploration and production base, with the aim of becoming a major, diversified mining house in the S&P/ASX 100 Index.