

vision  
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results



20 November 2013

ASX: PAN

## Chairman's Annual General Meeting Address

Welcome to the 12th Annual General Meeting of the Company.

It's been an eventful year, and a year that many small and mid-cap resource companies would probably like to forget. While the year was a salutary experience for iron ore and oil and gas producers and explorers, it was much tougher for the nickel and gold sectors.

Because the US\$ nickel price was softening most of last year and the A\$ was very strong against the US\$, we made some adjustments to salaries and staffing levels in late 2012 to lower our cost base, ahead of the resources market in general. We followed this up with productivity and cost reduction initiatives and appointed a specialist group in April this year to assist us to further optimise our business.

I am delighted to report that operating performances at both Savannah and Lanfranchi have shown commendable improvement – ore mined, decline development, ore milled and delivered, and nickel produced have all been on or better than forecast. This is despite both mines operating at deeper levels, and inexorably increasing costs for fuel and transport services. Salaries have been reduced, and many of our suppliers, large and small, have assisted with cost reductions and efficiency improvements. Sadly, the optimisation process has meant that we have had to further reduce employee numbers across the Group.

As our shareholders must understand, as miners we are paid the current market prices for the metals that we produce. We deliver into a market where prices are dictated by supply, demand and perception. Ultimately, our income is significantly influenced by exchange rates given most metals are priced in US\$. As at 30 June 2013, the A\$ had fallen from US\$1.05 to around \$0.90, and we shared the consensus view that the A\$ would plateau at around US\$0.85, reflecting the anticipated reduction in major resource-related capital expenditure projects and lower domestic interest rates. Unfortunately the political brinkmanship in the US during September/October, with the elected government being held to ransom over an increase in the US debt ceiling, initiated extraordinary reactions around the world. Confidence in the US and its currency sagged and the A\$ rapidly resumed its position as one of the safe haven currencies, resulting in the rapid appreciation of the A\$ from US\$ 0.88 to the current levels of around \$0.94. As was reported in our Annual Report, Panoramic's annual revenue increases by approximately **A\$2.5 million** for each one cent fall in the US\$:A\$ exchange rate and **US\$15 million** for every 50c rise in the US\$ nickel price. I am still of the view that the A\$ will fall to below \$0.90 as the US economy continues its post-GFC recovery, and that the nickel price will trade above its recent lows.

While we cannot influence metal prices or exchange rates, or investor confidence in our Company, we can and will focus on processes and outcomes that can influence our business. We have improved operating efficiencies at both of our operating mines, we will complete the bankable feasibility studies on our Gidgee and Mt Henry gold project in coming months and we will endeavour to secure a reputable partner for our Thunder Bay North and Panton PGM projects. We will continue to keep shareholders updated with the progress in our gold and PGM businesses as we deliver on the respective work streams and/or strategies for those projects.



The most effective value-add to an operating mine is the extension of its operating life through additional ore reserves. The recently announced two tranche placement and share purchase plan (SPP), which could raise up to \$25 million, is primarily designed to provide funds to allow us to aggressively ramp up brownfields nickel exploration and ore definition programs, as well as provide additional working capital to fund our other activities. The injection of funds also provides a buffer against sudden short term variations in metal prices or exchange rates, as well as supporting our diversification away from the reliance on nickel.

At Savannah, we can now accelerate the drilling aimed at defining the mineralisation below the 900 Fault, and hopefully increase the Ore Reserve. As has been reported, over the past several years the mine's significant capital program has provided deep ventilation, paste fill, upgraded mobile equipment fleet, enhanced mill metallurgical recovery, additional tailings storage capacity and a purpose built concentrate storage facility at Wyndham. With all the major works in place, the ongoing capital component of the mine's overall cost has now reduced significantly.

At Lanfranchi, the new on-site accommodation has reduced the daily travel time by approximately two hours, enhancing safety and productivity and improving staff morale. The recent discovery of a potential new nickel sulphide channel east of Deacon could well be the "game-changer" that the discovery of the Deacon channel was for Lanfranchi some years ago.

In closing, it has been a challenging year and we have had to make some tough decisions to ensure the business could survive through a weak A\$ nickel price cycle. Through the hard work and dedication of the management and all personnel we have managed to improve productivity and reduce costs, which is a great credit to all concerned. 2014 promises to be a better year for resources and I look forward to seeing the A\$ return to fair value which is what the RBA wants and Australia needs for our export sector to remain competitive and prosper. Strong and profitable mining and agricultural sectors are vital to the future of this country and I am delighted to see that we now have a federal government which agrees with this.

**Go Panoramic, go Australia.**

**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 19,561t of nickel contained in FY2013 and is forecasting to produce between 20,000 and 21,000t of nickel in FY2014.** Panoramic is an S&P/ASX 300 Index Company with a solid balance sheet, no bank debt and a growing nickel, gold and PGM resource base, employing more than 400 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 released a Scoping Study in August 2012 on the recommencement of gold production from Gidgee and released a positive Scoping Study on the Mt Henry Project in December 2012. Bankable Feasibility Studies on both gold projects are due to be completed in the December 2013 Quarter. The Company has expanded into Platinum Group Metals (PGM) with the purchase of the Pantom PGM Project located approximately 60km south of the Savannah Project in the East Kimberley and the Thunder Bay North PGM Project in northern Ontario, Canada.

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

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