



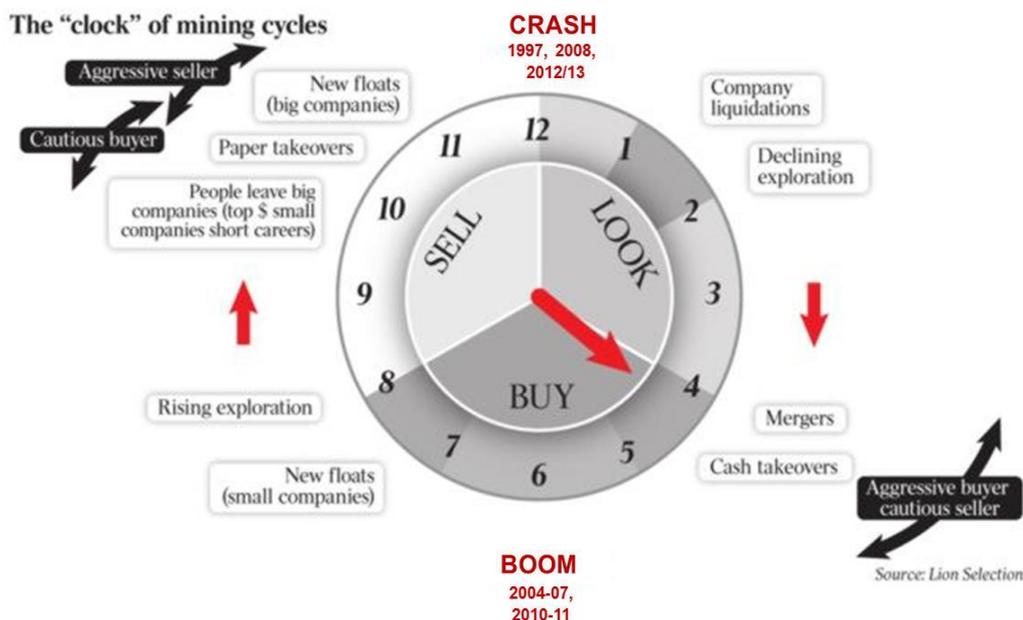
2015 AGM Chairman's Address

Welcome to the fourteenth Annual General Meeting of your Company.

I don't need to tell you it's been a tough 12 months for participants in the global nickel industry. The US\$ nickel price has fallen to levels not seen since 2003. In July 2014, the nickel spot price was US\$8.50/lb and the A\$ was about 94 US cents, giving the Australian nickel producers a price of around A\$9/lb. Today, nickel is trading around US\$4.03/lb and the A\$ is around 72 US cents, resulting in a nickel price of around A\$5.60/lb. Unfortunately, the 30% devaluation of the A\$ against the US\$ so far this year has not been sufficient to shield us from the more acute reduction in the US\$ nickel price. Not only has this rapid fall confounded us and most leading industry forecasters, it has also, according to many industry analysts, placed over 60% of the world's nickel production at or below cash break-even.

This is clearly a situation that is not sustainable. In recent weeks, LME nickel stockpiles have fallen 10% from historical highs of over 470,000 tonnes to around 416,000 tonnes today or about two months of global consumption. This is a positive development as many nickel industry analysts consider that a continued reduction in LME nickel stocks is one of the catalysts needed for a sustained nickel price recovery. So there seems to be light at the end of the tunnel. However, with global nickel demand growth weak, and lower forecast economic growth rates in China, sentiment towards nickel and base metals in general is creating a perfect storm for commodity speculators. It seems being "short" base metals is the only trade in town. Therefore, analysts are now saying there may also need to be some supply side responses before we see a significant improvement in the nickel price.

Nickel is not the only commodity suffering from this current price malaise and I am reminded of the cyclical nature of resources and of the famous Mining Cycle clock.



We are clearly well past “12 midnight” which means things will eventually get better. However, in the meantime, we must conduct our business to ensure we survive through this low point in the commodity price cycle. With that commodity price back-drop, we continue to focus on safety, productivity, cost reduction, exploration success and adding value to our asset base. At our annual Strategy Session in March, we set ourselves the following aggressive goals for FY2016:

- Safety – No Lost Time Injuries
- Resources – add 150,000 tonnes of nickel
- Costs – continue to reduce costs across the business
- Gold – monetise our gold assets
- PGM – advance our two projects
- Growth – increase our nickel reserves

We have already made significant progress in achieving these goals, with no LTIs reported during the June and September 2015 quarters and ongoing exploration success at both Savannah and Lanfranchi. At Savannah, drilling under the 900 Fault has confirmed the extension of nickel mineralisation below the current mine, while the Savannah North drilling defined a major new nickel discovery that could significantly extend the mine life. The rapid development of the exploration drive off the Savannah decline allowed us to drill out the first block of the Savannah North discovery which resulted in us reporting a maiden Resource of 3.15 million tonnes at 1.75% nickel for 55,200 tonnes contained nickel; this was quickly upgraded to **6.88 million tonnes at 1.59% nickel for 109,400 tonnes contained nickel**. We are currently finalising the Scoping Study on the mining of Savannah North and aim to release this shortly. We are optimistic about the potential of Savannah North, given that the strike length has been extended to around 2kms. We look forward to delivering more positive news on the Savannah North project and its potential development over the coming months.

In relation to monetising our gold assets, we sold the Mt Henry gold project, a joint venture in which Panoramic held a 70% interest, to Metals X for 22 million shares in that company, while the sale of the Gidgee gold project is progressing with the assistance of Sirona Capital.

We are also advancing our PGM assets. In January 2015, Rio Tinto’s exploration subsidiary in Canada exercised its option to earn a 70% position in our Thunder Bay North project, and it has commenced drilling on the project. At Panton, metallurgical testwork has shown that we can produce a high-grade PGM concentrate with better metallurgical recoveries than reported by the previous owner. We are also talking with selected PGM producers regarding the potential to partner with us on the development of the Panton project.

Looking back on FY2015, Savannah had a record production year, while Lanfranchi fell only about 10% short of budget due to reduced production in the June quarter, following the increased seismic activity in April. Importantly, operating costs (in terms of \$ per tonne of ore mined) at both sites were lower despite the increasing depth from which ore was mined. We also brought the Copernicus open pit mine, south of Savannah, back into production in November 2014, with ore being treated at the Savannah mill.

With the Deacon Reserve base almost depleted and increased seismic activity, we ceased mining that orebody in August 2015. Sadly, we had to reduce the staffing levels at Lanfranchi and have since placed the operation on care and maintenance. On a more positive note, in February 2015 the excellent work of our geological team led to the discovery of the Lower Schmitz mineralisation which was identified by geophysical analysis and follow up drilling. It was decided to develop a decline from Deacon across to the Lower Schmitz mineralised zone to facilitate both a Resource drill-out and subsequent mining access. The drill drive was completed in early September and Resource drilling commenced in mid-September. The Lower Schmitz discovery together with remaining reserves at Deacon and Jury-Metcalf provides an option to recommence mining under a more favourable nickel price environment. The offtake agreement with BHP Nickel West provides us with flexibility around ore deliveries and it, like us, is keen to see Lanfranchi producing ore again.

As well as the nickel price and exchange rate, there are other challenges in running our business including input costs like fuel and imported equipment. In relation to government policy, we find the lack of taxation reform frustrating, however we do welcome the Federal Government's White Paper on the development of Northern Australia. Support for the development of minerals, agriculture, forestry and water resources, which could lead to the enhancement of major infrastructure, including transport, power, social facilities and increased population in the Kimberley region, would be a significant benefit to our Savannah operation. Encouraging a larger workforce to be based in nearby Kununurra, could result in lower costs, dramatically reduced commuting time, and improved social outcomes.

Assuming the economics of extending the Savannah mine life can be confirmed through the development of Savannah North, Panoramic will have the foundation for creating a long term operating presence in the Kimberley, with the potential to develop, manage and operate our Panton PGM project utilising the Savannah infrastructure. Indeed, there are other mineral resources located close to Savannah which may become economic to develop using the existing Savannah facilities. The creation of a "Kimberley Hub" for the production of base metals and PGM is a distinct possibility.

The low metal prices have resulted in workforce restructuring across the mining industry. Panoramic has 150 fewer employees as a result of placing Lanfranchi on care and maintenance, however we have retained key management, operating and support skills to sustain the current core business. While we were disappointed that we were unable to retain the jobs of many of our workforce, we are now in a better position to weather the low nickel price environment. I acknowledge the tough decisions that Peter Harold and his management group have had to make, and thank them for placing Panoramic in a sound position to benefit from the eventual rebound in commodity prices.

In closing, although we have experienced a tough 12 months and with potentially more volatility ahead, we must maintain our focus. We must improve productivity, add to our resource and reserve base, spend capital wisely, and never forget that it is ore reserves that are the basis for wealth creation in the resources industry; they must be discovered or acquired.

Brian Phillips
Chairman

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 commissioned the \$65 million Savannah Project in late 2004 and then in 2005 purchased and restarted the Lanfranchi Nickel Project, near Kambalda. In FY2015, the Company produced approximately 19,300t contained nickel.

Following the successful development of the nickel projects, the Company diversified its resource base to include gold and platinum group metals (PGM). The Gold Division consists of the Gidgee Project located near Wiluna. The PGM Division consists of the Panton Project, located 60km south of the Savannah Project and the Thunder Bay North Project in Northern Ontario, Canada.

Panoramic has been a consistent dividend payer and has paid shareholders a total of \$114.3 million in fully franked dividends since 2008.

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. The growth path will include developing existing resources, discovering new ore bodies, acquiring additional projects and is being led by an experienced exploration-to-production team with a proven track record.

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