

2017 AGM Chairman's Address

Welcome to the sixteenth Annual General Meeting of your Company.

Last November, when we met in this room for the Annual General Meeting, the Company had placed our two nickel operations on care and maintenance because the combination of a low US\$ nickel price and unfavourable US\$:A\$ exchange rate did not provide the economic return to justify continuing mining. Although it appeared a year ago that the nickel price may be recovering from its lows, this was not supported by a reduction in the higher than normal global nickel metal stockpiles.

We reduced our staffing levels in 2016/17 to provide for essential care and maintenance at Savannah and Lanfranchi and retained a small team in our Perth office to provide for corporate requirements, work on advancing the Gidgee Gold Project, manage the successful Horizon Gold IPO and for the completion of the Savannah Feasibility Study for the mining of Savannah North. Sufficient exploration and infill drilling of the new Savannah North resource was also completed in late 2016 and early 2017 to derive a Savannah North Ore Reserve on which to base the Feasibility Study.

Although sometimes erratic, over the past six months, the nickel price has been trading in the mid US\$5 to 6 a pound range from a low of around US\$4 a pound last year. The weaker Australian dollar is also working in our favour. Copper and cobalt prices have also been above the levels used in the Feasibility Study Base Case. Due to the expected growing demand for electric vehicle (EV) batteries, nickel consumption could increase by 20-30% over the next five years. The Class I nickel sulphide metal that will be produced at Savannah after the restart is the preferred feed for battery manufacture.

Shareholders will have seen the details of the Savannah Feasibility Study, which was released in February 2017 and which has been worked on and optimised throughout 2017. The operating cost and productivity structure in the Feasibility Study has been based on the previous operating performance of the Savannah operation. In addition, we have identified many areas where current technology, equipment and practices will result in lower costs and higher productivity, and some of these will be adopted on start-up.

We are all busily working to clear the final hurdles that will allow the Company to make the decision for the Savannah operation to be re-commissioned when the US\$ nickel price and US\$:A\$ exchange rate are favourable.

With the recent completion of metallurgical test work on Savannah North ore to confirm the Savannah treatment plant recoveries to produce a bulk concentrate of nickel, copper and cobalt, and the expected concentrate grades, potential customers can now submit final detailed terms for long term off-take contracts. When concentrate purchase terms had been agreed, financing options to provide for pre-production capital and working capital can also be finalised.

Necessary state and local authority approvals are being progressed and work has commenced on detailed engineering inspections of the Savannah treatment plant and infrastructure to scope required maintenance and upgrades. The site care and maintenance team has ensured that we have continued to meet all environmental and regulatory requirements since operations were suspended in mid- 2016.

The world is embracing the move towards electric (battery powered) vehicles, with some jurisdictions having legislated the future demise of internal combustion powered vehicles. The demand for EVs for personal and industrial use is accelerating and manufacturers are already producing more efficient second and third generation vehicles. The essential materials for batteries include nickel, copper and cobalt.

In October 2017, Panoramic released the Updated Savannah Feasibility Study (Optimised Version 2) with forecast life-of-mine metal in concentrate production for nickel of 93,800 tonnes, copper of 49,100 tonnes, and cobalt of 6,500 tonnes.

The projected mine life of over eight years is based on the Savannah North Resource that was defined using only limited available drill sites. There is real potential to extend the known resource and thus the project life, which will in turn underpin decisions for longer term capital improvements. As well as enhancing the mining processes, production of separate metal concentrates (for better payability terms) and even consumer-ready nickel and cobalt salts may improve project economics.

The last few years has seen a significant reduction in the mining and mining support workforce, particularly in Western Australia. In the last six months, the demand for professional and skilled trades staff has accelerated, and salaries are being structured accordingly. This will be one of the challenges that the Company will face, as Savannah will require a workforce of approximately 250 full-time and contract staff. To limit fly-in, fly-out costs, the Company will look to encourage staff to be based in Kununurra, which is less than a three hour drive from Savannah.

In summary, we are hopeful that your Board can make the decision to return Panoramic to producer status in the very near future.

Like Savannah, our Lanfranchi mine has been on care and maintenance for over two years. While there is no plan to re-open the mine, the Lanfranchi Resource of 5.6 million tonnes at 1.69% nickel makes Lanfranchi an attractive asset when the nickel price is higher.

The past year has been a real challenge for Peter and our staff to maintain the focus on completing and updating the Savannah Feasibility Study, provide managerial and corporate support to our 51% owned Horizon Gold asset, while keeping corporate and care and maintenance costs to a minimum. We are fortunate that we have been able to retain a small number of key experienced people who can form the nucleus of an operating team for the Savannah Project re-start.

I would like to thank Peter and his people for their efforts, and thank our shareholders and stakeholders for their continuing support.

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 successfully commissioned the \$65 million Savannah Project in late 2004 and then in 2005 purchased and restarted the Lanfranchi Nickel Project, near Kambalda. In FY2014, the Company produced a record 22,256t contained nickel and produced 19,301t contained nickel in FY2015. The Lanfranchi and Savannah Projects were placed on care and maintenance in November 2015 and May 2016 respectively.

Following the successful development of the nickel projects, the Company diversified its resource base to include platinum group metals (PGM) and gold. 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, in which Rio Tinto is earning 70% by spending up to C\$20 million over five years. Following the ASX listing of Horizon Gold Limited (ASX Code: HRN) in December 2016, the Company's interest in gold consists of an indirect investment in the Gum Creek Gold Project located near Wiluna through its 51% majority shareholding in Horizon.

Panoramic has been a consistent dividend payer and has paid out a total of \$114.3 million in fully franked dividends between 2008 and 2016. At 30 September 2017, Panoramic had \$7.5 million in cash (including \$1.8 million in restricted cash) and no bank debt.

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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