

Panoramic Resources (PAN.AX / PAN AU)

Rating	OUTPERFORM* [V]
Price (02 Feb 12, A\$)	1.27
Target price (A\$)	2.50 [†]
Market cap. (A\$m)	262.95
Yr avg. mthly trading (A\$m)	36
Last month's trading (A\$m)	15
Projected return:	
Capital gain (%)	96.9
Dividend yield (net %)	6.3
Total return (%)	103.1
52-week price range	2.5 - 1.1

* Stock ratings are relative to the relevant country benchmark.

[†]Target price is for 12 months.

[V] = Stock considered volatile (see Disclosure Appendix).

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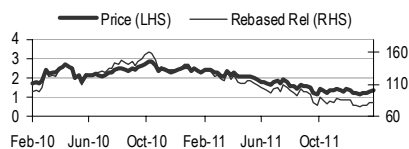
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QUARTERLY

Strong production in December quarter yet small net loss expected in 1H12

- **FY12 production guidance increased:** PAN reported strong operating results for the December 2011 quarter with contained nickel production of 5,173t, 15% above Credit Suisse estimates and 17% higher QoQ. The solid result was driven by record quarterly output from Savannah (+29% QoQ to 2,653t) and a 6% QoQ increase at Lanfranchi to 2,520t. Following the robust 1H12 result, management has raised its FY12 contained nickel production target to 18,500t–19,000t (previously 17,500t–18,500t).
- **Small net loss expected in 1H12:** Despite the better than expected production, PAN indicates it will incur a \$3mn–\$4mn net loss in 1H12 due to lower AUD revenues and higher non-cash D&A costs due to mining of the Schmitz orebody at Lanfranchi. Group payable nickel cash cost were A\$5.61/lb in the December 2011 quarter, down 11% QoQ due to higher production; however, PAN sees cost pressures due to tight labour supply in Western Australian, the strong AUD and volatile nickel prices. Free cashflow was \$13mn in the December 2011 quarter while cash and receivables at year end 2011 stood at \$90m. PAN's commodity and FX hedges are currently \$16mn in-the-money.
- **Lowering FY12–FY14 earnings:** Reflecting the \$3mn–\$4mn net loss in 1H12, we have reduced our FY12 estimate by 67% and not forecast NPAT of \$8.9mn for FY12. We have also lowered our FY13 and FY14 estimates by an average 6% due to slightly higher assumed operating costs given industry pressures in the WA labour market.
- **Valuation and \$2.50/share target price unchanged:** We leave our DCF valuation largely unchanged at \$3.08/share and reiterate our \$2.50/share target price. PAN trades on 6.4x FY13 earnings and at a substantial 60% discount to our DCF valuation. We retain our OUTPERFORM rating.

Share price performance



The price relative chart measures performance against the S&P ASX 200 Index which closed at 4267.8 on 02/02/12
On 02/02/12 the spot exchange rate was A\$.93/US\$1

Performance Over	1M	3M	12M
Absolute (%)	6.3	-5.9	-48.4
Relative (%)	2.2	-5.6	-37.4

Financial and valuation metrics

Year	06/11A	06/12E	06/13E	06/14E
Revenue (A\$m)	243.4	258.6	311.0	326.0
EBITDA (A\$m)	82.8	63.2	107.9	121.5
EBIT (A\$m)	36.7	7.2	54.3	70.4
Net income (A\$m)	26.2	8.9	42.2	57.4
EPS (CS adj.) (Ac)	12.46	4.19	19.98	27.18
Change from previous EPS (%)	n.a.	-66.5	-5.5	-7.2
Consensus EPS (Ac)	n.a.	11.30	12.20	21.40
EPS growth (%)	-52.0	-66.4	376.6	36.1
P/E (x)	10.2	30.3	6.4	4.7
Dividend (Ac)	6.00	4.97	9.99	13.59
Dividend yield (%)	4.7	3.9	7.9	10.7
P/B (x)	0.86	0.89	0.83	0.77
Net debt/equity (%)	net cash	net cash	net cash	net cash

Source: Company data, ASX, Credit Suisse estimates. * Adj. for goodwill, notional interest and unusual items. Relative P/E against ASX/S&P200 based on pre GW in AUD. Company PE calculation is based on displayed EPS Currency

DISCLOSURE APPENDIX CONTAINS ANALYST CERTIFICATIONS AND THE STATUS OF NON-US ANALYSTS. U.S. Disclosure: Credit Suisse does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Figure 1: Financial summary

Panoramic Resources (PAN)						Year ending 30 Jun				
Profit & Loss	06/10A	06/11A	06/12E	06/13E	06/14E					
Sales revenue	283.4	243.4	258.6	311.0	326.0					
EBITDA	127.1	82.8	63.2	107.9	121.5					
Depr. & Amort.	52.7	46.1	56.0	53.6	51.2					
EBIT	74.4	36.7	7.2	54.3	70.4					
Associates	0.0	0.0	0.0	0.0	0.0					
Net interest	-3.6	-4.7	-5.8	-7.7	-11.7					
Reported PBT	83.0	37.5	13.0	62.1	82.0					
Income tax	19.9	10.1	4.2	19.9	24.6					
Profit after tax	58.1	31.3	8.9	42.2	57.4					
Minorities	0.0	0.0	0.0	0.0	0.0					
Preferred dividends	0.0	0.0	0.0	0.0	0.0					
Normalised NPAT	54.2	26.2	8.9	42.2	57.4					
Analyst adjustments	-5.0	3.9	0.0	0.0	0.0					
Unusual item after tax	0.0	0.0	0.0	0.0	0.0					
Reported NPAT	59.2	22.3	8.9	42.2	57.4					
Balance Sheet	06/10A	06/11A	06/12E	06/13E	06/14E					
Cash & equivalents	49.8	90.9	122.1	183.1	248.2					
Inventories	12.3	12.3	12.3	12.3	12.3					
Receivables	20.9	35.5	35.5	35.5	35.5					
Other current assets	94.6	9.3	11.1	11.1	11.1					
Current assets	177.6	148.0	181.0	242.0	307.1					
Property, plant & equip.	206.5	236.7	202.0	169.6	129.4					
Intangibles	14.3	14.3	14.3	14.3	14.3					
Other non-current assets	18.5	9.7	9.7	9.7	9.7					
Non-current assets	239.2	260.7	225.9	193.6	153.4					
Total assets	416.8	408.7	406.9	435.6	460.5					
Payables	23.9	24.0	24.0	24.0	24.0					
Interest bearing debt	4.7	1.4	1.4	1.4	1.4					
Other liabilities	97.1	80.2	86.1	91.6	93.1					
Total liabilities	125.7	105.6	111.5	117.0	118.5					
Net assets	291.1	303.1	295.4	318.6	342.0					
Ordinary equity	291.1	303.1	295.4	318.6	342.0					
Minority interests	0.0	0.0	0.0	0.0	0.0					
Preferred capital	0.0	0.0	0.0	0.0	0.0					
Total shareholder funds	291.1	303.1	295.4	318.6	342.0					
Net debt	-45.1	-89.4	-120.6	-181.7	-246.7					
Cashflow	06/10A	06/11A	06/12E	06/13E	06/14E					
EBIT	74.4	36.7	7.2	54.3	70.4					
Net interest	4.0	4.8	5.8	7.7	11.7					
Depr & Amort	52.7	46.1	56.0	53.6	51.2					
Tax paid	4.0	-20.8	0.0	-14.3	-23.1					
Working capital	3.3	-13.6	0.0	0.0	0.0					
Other	8.9	-1.0	12.0	12.0	10.5					
Operating cashflow	147.3	52.1	81.0	113.3	120.6					
Capex	-33.3	-67.5	-21.2	-21.2	-11.0					
Capex - expansionary	-25.2	-40.0	0.0	0.0	0.0					
Capex - maintenance	-8.1	-27.6	-21.2	-21.2	-11.0					
Acquisitions & Invest	-7.8	-10.3	-12.0	-12.0	-10.5					
Asset sale proceeds	1.0	0.0	0.0	0.0	0.0					
Other	-77.9	89.1	0.0	0.0	0.0					
Investing cashflow	-118.1	11.2	-33.2	-33.2	-21.5					
Dividends paid	-24.6	-21.6	-16.6	-19.1	-34.0					
Equity raised	0.6	2.7	0.0	0.0	0.0					
Net borrowings	-5.4	-3.3	0.0	0.0	0.0					
Other	0.0	0.0	0.0	0.0	0.0					
Financing cashflow	-29.4	-22.2	-16.6	-19.1	-34.0					
Total cashflow	-0.2	41.1	31.2	61.0	65.1					
Adjustments	0.0	0.0	0.0	0.0	0.0					
Net Change in Cash	-0.2	41.1	31.2	61.0	65.1					

Source: Company data, Credit Suisse estimates

In AUDmn, unless otherwise stated

Share Price: A\$1.27		2/02/2012 16:39				
Rating		OUTPERFORM				
Target Price	A\$	2.50				
vs Share price	%	96.85				
DCF	A\$	3.08				
Panoramic Resources Limited is engaged in the exploration, evaluation, development and production of mineral deposits. The Company has two underground mines: the Savannah Project (100% owned) in the Kimberley and the Lanfranchi Project (100% owned) south of Kambalda, along with the Copernicus Project (60% owned) open pit mine, which is a satellite operation						
Earnings		06/10A	06/11A	06/12E	06/13E	06/14E
Equiv. FPO (period avg.)	mn	208.7	210.4	211.3	211.3	211.3
EPS (Normalised)	c	26.0	12.5	4.2	20.0	27.2
EPS Growth	%		-52.0	-66.4	376.6	36.1
DPS	c	11.5	6.0	5.0	10.0	13.6
Dividend Payout	%	44.3	48.2	118.7	50.0	50.0
Free CFPS	c	66.7	11.6	28.3	43.6	51.9
Valuation						
P/E	x	4.9	10.2	30.3	6.4	4.7
EV/EBIT	x	2.3	4.7	24.0	3.2	2.5
EV/EBITDA	x	1.4	2.1	2.7	1.6	1.4
Dividend Yield	%	9.1	4.7	3.9	7.9	10.7
FCF Yield	%	52.5	9.2	22.3	34.3	40.9
Price to Book	x	0.9	0.9	0.9	0.8	0.8
Returns						
Return on Equity	%	18.6	8.6	3.0	13.2	16.8
Profit Margin	%	19.1	10.8	3.4	13.6	17.6
Asset Turnover	x	0.7	0.6	0.6	0.7	0.7
Equity Multiplier	x	1.4	1.3	1.4	1.4	1.3
Return on Assets	%	13.0	6.4	2.2	9.7	12.5
Return on Invested Cap.	%	22.5	13.0	2.8	27.0	51.7
Gearing						
Net Debt to Net debt + Equity %		Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Net Debt to EBITDA	x	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash
Int Cover (EBITDA/Net Int.)	x	-35.3	-17.6	-10.9	-13.9	-10.4
Int Cover (EBIT/Net Int.)	x	-20.7	-7.8	-1.2	-7.0	-6.0
Capex to Sales	%	11.7	27.7	8.2	6.8	3.4
Capex to Depreciation	%	260.2	545.3	132.9	156.3	98.6
Share Price Performance (vs S&P ASX 200 Index)						
		1 Month	3 Months	12 Months		
Absolute		6.3%	-5.9%	-48.4%		
Relative		2.2%	-5.6%	-37.4%		
Source: Reuters		52 week trading range: 1.11-2.49				

December quarter highlights

FY12 production guidance increased

PAN reported strong operating results for the December 2011 quarter with contained nickel production of 5,173t, 15% above Credit Suisse estimates and 17% higher QoQ. The solid result was driven by record quarterly output from Savannah (+29% QoQ to 2,653t) and a 6% QoQ increase at Lanfranchi to 2,520t. Following the robust 1H12 result, management has raised its FY12 contained nickel production target to 18,500t–19,000t (previously 17,500t–18,500t).

Figure 2: Operational summary

	Units	Savannah 3mths ending 31 Dec 2011	Lanfranchi 3mths ending 31 Dec 2011	Total Group 3mths ending 31 Dec 2011	Total Group Previous Qtr Sep 2011
Ore Mined	dmt	173,578	108,080	281,658	268,885
Average Mined Nickel Grade	%	1.79	2.33	2.00	1.82
Nickel in Ore Mined	dmt	3,108	2,520	5,628	4,894
Nickel in Concentrate/Ore	tonnes	2,653	2,520	5,173	4,440
Copper in Concentrate/Ore	tonnes	1,501	259	1,760	1,335
Cobalt in Concentrate/Ore	tonnes	140	-	140	113
Costs Per Pound Payable Nickel					
Mining	A\$ per lb	2.98	4.40	3.61	4.20
Milling	A\$ per lb	1.25	-	0.69	0.70
Administration	A\$ per lb	1.43	0.44	0.99	1.08
Payable Operating Cash Costs (Mine Gate)	A\$ per lb	5.66	4.84	5.29	5.98
Haulage	A\$ per lb	0.25	0.30	0.27	0.27
Port Charges/Shipping	A\$ per lb	0.32	-	0.18	0.15
Ore Treatment	A\$ per lb	-	1.32	0.59	0.62
Net By-product Credits	A\$ per lb	(1.88)	(0.25)	(1.15)	(1.19)
Royalties	A\$ per lb	0.49	0.35	0.43	0.49
Total Payable Operating Cash Costs^(A)	A\$ per lb	4.84	6.56	5.61	6.32
Total Payable Operating Cash Costs^(B)	US\$ per lb	4.90	6.64	5.68	6.63

Source: Company data, Credit Suisse estimates

Savannah – Record production of 2,653t was mainly driven higher average nickel grade of 1.79%, up 20% from 1.49% in the previous quarter which also helped lower payable unit cash costs by 13% QoQ to \$4.84/lb. As a result of the higher production from Savannah, inventories at Wyndham were higher than usual and a 580t shipment of contained nickel slipped into January 2012. PAN also completed construction of its new concentrate shed last month.

Lanfranchi – Production rose 6% to 2,520t of contained nickel due to slightly higher ore tonnes mined of 108kt at a grade of 2.33% (versus 100kt at 2.37% in September 2011). The recommissioning of the paste plant late September 2011 and some minor equipment upgrades allowed Lanfranchi to operate at forecast levels during the December quarter. As a result, management is targetting production of 50kt of ore for January 2012 compared to ~36kt per month in the December 2011 quarter.

Hedge book currently \$16m in-the-money

At year end 2011, PAN's AUD/USD and nickel hedges were \$16mn in-the-money. For 2H12 PAN has hedged 1,350t of nickel at an average US\$25,462/t (US\$11.55/lb), and 675t of nickel forwards at US\$26,468/t (US\$12.00/lb) for FY2013.

Higher D&A and lower AUD revenues lead to expected \$3mn–\$4mn net loss in 1H12

Despite higher production, management indicate PAN will incur a \$3mn–\$4mn net loss in 1H12 due to lower AUD revenues and higher D&A due to mining of the Schmitz orebody at Lanfranchi. Group payable nickel cash cost were A\$5.61/lb in December 2011 Q, down 11% QoQ due to higher production however PAN sees cost pressures due to tight labour supply in Western Australian, the strong AUD and volatile nickel prices. Free cashflow was \$13mn in the December 2011 quarter while cash and receivables at year end 2011 stood at \$90mn. PAN's commodity and FX hedges are currently \$16mn in the money.

Lowering FY12 earnings by 67%

Reflecting the \$3mn–\$4mn net loss in 1H12 we have reduced our FY12 estimate by 67% and not forecast NPAT of \$8.9mn for FY12. We have also lowered our FY13 and FY14 estimates by an average 6% due to slightly higher operating costs given industry pressures in the WA labour market.

Figure 3: Key earnings changes

Earnings revisions	FY12F			FY13F			FY14F		
	Old	New	Ch %	Old	New	Ch %	Old	New	Ch %
Production - contained Ni	18.0	18.6	4%	18.3	18.3	0%	18.3	18.3	0%
Sales revenue (\$mn)	290	259	-11%	313	311	-1%	331	326	-1%
EBITDA (\$mn)	89	63	-29%	110	108	-2%	127	122	-4%
D&A (\$mn)	56	56	0%	54	54	0%	51	51	0%
EBIT (\$mn)	32.7	7.2	-78%	56.7	54.3	-4%	75.6	70.4	-7%
Underlying NPAT (\$mn)	26.4	8.9	-67%	44.7	42.2	-5%	61.9	57.4	-7%
Reported NPAT (\$mn)	26.4	8.9	-67%	44.7	42.2	-5%	61.9	57.4	-7%
EPS (¢)	12.5	4.2	-67%	21.1	20.0	-5%	29.3	27.2	-7%
DPS (¢)	6.3	5.0	-21%	10.6	10.0	-5%	14.6	13.6	-7%

Source: Company data, Credit Suisse estimates

Figure 4: Summary model

Valuation summary	A\$m	A\$/share	Market data	
Savannah	209.3	1.00	Share price 02-Feb-12	\$1.27
Lanfranchi	265.1	1.26	Target price	\$2.35
Copernicus Project	11.1	0.05	Model NPV	\$3.08
Exploration portfolio	62.3	0.30	Upside to NPV	97%
Listed investments	2.6	0.01	Upside to TP	102%
Corporate / exploration / other	-32.8	-0.16		
Total mining enterprise	517.6	2.46	Mcap	263.0
Cash / (Net debt) (FY12F)	128.6	0.61	Cash	126.0
Net value	646.2	3.08		

Assumptions	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Nickel (US\$/lb)	12.90	6.00	8.80	10.87	9.41	10.21	10.89	10.89
Copper (US\$/lb)	3.55	2.22	3.03	3.93	3.84	4.20	3.89	3.52
Colbalt (US\$/lb)	35.6	20.3	15.9	15.9	19.0	17.8	17.5	17.50
AUDUSD	0.89	0.75	0.88	0.99	1.02	0.99	0.98	0.95
Nickel (A\$/lb)	14.42	8.04	9.97	10.98	9.21	10.31	11.17	11.52
Production	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Ore mined/milled - Savannah	689	684	672	596	662	660	660	650
Ore Ore mined/milled - Lanfranchi	286	406	399	412	419	420	420	420
Total ore	975	1,090	1,071	1,008	1,081	1,080	1,080	1,070
Ni grade - Savannah	1.26%	1.35%	1.25%	1.36%	1.51%	1.35%	1.35%	1.33%
Ni grade - Lanfranchi	2.56%	2.63%	2.54%	2.45%	2.44%	2.50%	2.50%	2.38%
Average head grade - nickel	1.53%	1.72%	1.63%	1.69%	1.72%	1.69%	1.69%	1.64%
Production contained - Savannah (kt)	7.6	8.1	7.3	6.9	8.5	7.8	7.8	7.5
Production contained - Lanfranchi (100% basis) (kt)	7.3	10.7	10.1	10.1	10.2	10.5	10.5	10.0
Production - contained Ni	14.9	18.7	17.4	17.0	18.6	18.3	18.3	17.5
Payable Ni production - Savannah (kt)	5.1	5.5	5.0	4.7	5.7	5.2	5.2	5.1
Payable Ni production - Lanfranchi (100% basis) (kt)	4.2	6.0	5.8	5.8	5.3	6.1	6.1	5.8
Total payable Ni production (kt)	9.3	11.5	10.7	10.5	11.0	11.4	11.4	10.8
Payable Cu production - Savannah (kt)	2.0	2.1	2.0	1.8	2.4	2.1	2.1	2.1
Payable Cu production - Lanfranchi (100% basis) (kt)	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Total Cu production (kt)	2.3	2.5	2.4	2.2	2.7	2.5	2.5	2.4
Co production - Savannah (kt)	0.2	0.2	0.2	0.6	0.2	0.2	0.2	0.2
Costs Per Pound Payable Nickel	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Cash costs (A\$/lb)	5.12	5.32	5.69	6.21	6.09	6.07	6.24	6.40
Cash costs (US\$/lb)	4.60	3.96	4.99	6.16	6.23	6.01	6.08	6.05
Consolidated P&L (A\$m)	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Sale of goods	232.4	225.1	283.4	243.4	252.7	309.8	326.0	319.4
Other sales revenue	-	-	-	-	5.9	1.2	-	-
Revenues from operating activities	232.4	225.1	283.4	243.4	258.6	311.0	326.0	319.4
Other income	0.0	1.2	7.4	10.5	-	-	-	-
Total revenues	232.4	226.3	290.8	253.9	258.6	311.0	326.0	319.4
Operating expenses	123.0	140.5	156.6	164.8	183.4	191.1	194.0	193.8
Exploration	2.3	7.6	7.1	6.3	12.0	12.0	10.5	5.3
EBITDA	107.2	78.2	127.1	82.8	63.2	107.9	121.5	120.4
Depreciation and amortisation	40.4	49.3	55.7	46.1	56.0	53.6	51.2	48.4
EBIT	66.8	28.8	71.4	36.7	7.2	54.3	70.4	72.0
Net interest	4.6	2.9	-0.3	-0.4	5.8	7.7	11.7	9.7
Profit before tax	71.4	31.7	71.1	36.3	13.0	62.1	82.0	81.7
Tax	-18.1	0.2	-19.9	-10.1	-4.2	-19.9	-24.6	-24.5
Underlying NPAT	53.3	31.9	51.2	26.2	8.9	42.2	57.4	57.2
Net significant items (post tax)	-	-26.3	5.0	-3.9	-	-	-	-
Reported NPAT	53.3	5.6	56.2	22.3	8.9	42.2	57.4	57.2
EPS - basic underlying (cps)	27.3	16.1	24.5	12.5	4.2	20.0	27.2	27.1
DPS (cps)	12.0	3.0	16.5	6.0	5.0	10.0	13.6	13.5

Source: Company data, Credit Suisse estimates

Figure 5: Summary model (continued)

Key financials	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Underlying EPS - diluted (cps)	27.3	16.1	24.5	12.5	4.2	20.0	27.2	27.1
Reported EPS - basic (cps)	27.3	16.1	24.5	12.5	4.2	20.0	27.2	27.1
Reported EPS (diluted)	27.3	2.8	26.9	10.6	4.2	20.0	27.2	27.1
Cash EPS (diluted)	48.0	41.1	49.8	34.4	30.7	45.3	51.4	50.0
EPS growth	-40%	-41%	52%	-49%	-66%	377%	36%	0%
Diluted average shares	195.4	197.8	208.7	210.4	211.3	211.3	211.3	211.3
PER (x) (norm EPS - basic)	4.7x	8.0x	5.2x	10.3x	30.7x	6.4x	4.7x	4.7x
PER (x) (norm EPS - diluted)	4.7x	8.0x	5.2x	10.3x	30.7x	6.4x	4.7x	4.7x
PER - cash adjusted	2.7x	3.1x	2.6x	3.7x	4.2x	2.8x	2.5x	2.6x
EV/EBITDA (fixed)	1.3x	1.8x	1.1x	1.7x	2.2x	1.3x	1.2x	1.2x
DPS (cps) - ordinary	12.0	3.0	11.5	6.0	5.0	10.0	13.6	13.5
DPS (cps) - special	0.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0
Payout ratio (%) (ordinary divs)	42%	103%	42%	55%	116%	49%	49%	49%
Dividend yield (net)	9.3%	2.3%	12.8%	4.7%	3.9%	7.8%	10.6%	10.5%
Franking	100%	100%	100%	100%	100%	100%	100%	100%
Dividend yield (gross)	13.3%	3.3%	18.3%	6.7%	5.5%	11.1%	15.1%	15.0%
EBITDA margin (%)	46.1%	34.7%	43.8%	34.0%	24.4%	34.7%	37.3%	37.7%
EBIT margin (%)	28.7%	12.8%	25.2%	15.1%	2.8%	17.5%	21.6%	22.5%
NPAT margin (%)	22.9%	2.5%	19.8%	9.2%	3.4%	13.6%	17.6%	17.9%
Tax rate (%)	25.3%	-0.7%	28.0%	27.8%	32.0%	32.0%	30.0%	30.0%
Gearing	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Net Debt	-102.5	-60.7	-136.4	-97.4	-128.6	-189.6	-254.7	-302.3
Net Debt / Equity (%)	-44.2%	-21.2%	-46.9%	-32.1%	-43.5%	-59.5%	-74.5%	-85.2%
Net Debt / (Equity+Net Debt) (%)	-79.4%	-26.9%	-88.2%	-47.4%	-77.1%	-147.1%	-292.0%	-576.0%
Interest cover (x) (EBITDA)	na	na	na	na	na	na	na	na
Interest cover (x) (EBIT)	na	na	na	na	na	na	na	na
Cashflows (A\$m)	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Operating cashflows	89.8	33.3	147.3	52.1	81.0	113.3	120.6	113.4
Capex - maintenance	-	-15.8	-8.1	-27.6	-21.2	-21.2	-11.0	-11.0
Free cash flow	89.8	17.5	139.2	24.5	59.8	92.1	109.6	102.4
Capex - growth	-59.4	-39.8	-25.2	-40.0	-	-	-	-
Other investing cashflows	-0.0	-22.7	-84.8	78.8	-12.0	-12.0	-10.5	-10.5
Financing cashflows	-39.1	-16.1	-29.4	-22.2	-16.6	-19.1	-34.0	-44.4
Net increase in cash	-8.7	-61.1	-0.2	41.1	31.2	61.0	65.1	47.6
Cash at end of the year	110.9	50.0	49.8	90.9	122.1	183.1	248.2	295.7
Balance Sheet (A\$m)	FY08	FY09	FY10	FY11	FY12F	FY13F	FY14F	FY15F
Cash	110.9	50.0	49.8	90.9	122.1	183.1	248.2	295.7
Receivables	17.2	28.7	20.9	34.5	34.5	34.5	34.5	34.5
Inventories	11.2	14.8	12.3	12.3	12.3	12.3	12.3	12.3
Plant & equipment	135.9	199.7	206.5	236.7	202.0	169.6	129.4	92.1
Other assets	56.9	87.2	127.3	34.3	36.0	36.0	36.0	36.0
Assets	332.1	380.3	416.8	408.7	406.9	435.6	460.5	470.7
Payables	31.3	30.8	23.9	24.0	24.0	24.0	24.0	24.0
Provisions	-	10.0	31.6	35.4	35.4	35.4	35.4	35.4
Tax liabilities	26.1	-	18.5	-	5.9	11.4	13.0	10.3
Borrowings	2.0	2.2	1.4	0.6	0.6	0.6	0.6	0.6
Other liabilities	41.0	51.0	50.3	45.6	45.6	45.6	45.6	45.6
Liabilities	100.4	94.0	125.7	105.6	111.5	117.0	118.5	115.9
Net Assets	231.7	286.3	291.1	303.1	295.4	318.6	342.0	354.8
Net Tangible Assets	231.7	286.3	291.1	303.1	295.4	318.6	342.0	354.8
NAV per share	1.2	1.4	1.4	1.4	1.4	1.5	1.6	1.7
ROE (%)	30%	12%	18%	9%	3%	14%	17%	16%
NTA per share	1.2	1.4	1.4	1.4	1.4	1.5	1.6	1.7
Price / book	3.4x	0.9x	0.9x	0.9x	0.9x	0.9x	0.8x	0.8x
ROTE (%)	53%	31%	36%	24%	22%	31%	33%	30%
P / NTA (x)	3.4x	0.9x	0.9x	0.9x	0.9x	0.9x	0.8x	0.8x
Enterprise value (\$mn)	672.6	201.4	127.3	168.6	137.4	76.4	11.3	-36.2

Source: Company data, Credit Suisse estimates

Companies Mentioned (Price as of 02 Feb 12)
 Panoramic Resources (PAN.AX, A\$1.27, OUTPERFORM [V], TP A\$2.50)

Disclosure Appendix

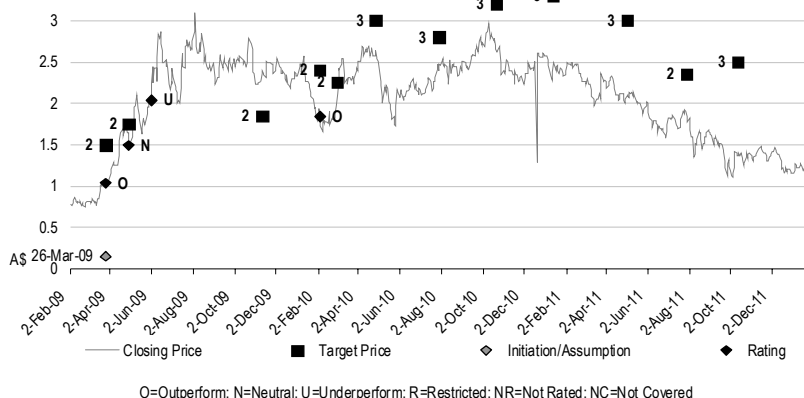
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3-Year Price, Target Price and Rating Change History Chart for PAN.AX

PAN.AX Date	Closing Price (A\$)	Target Price (A\$)	Rating	Initiation/ Assumption
26-Mar-09	1.035	1.5	O	X
29-Apr-09	1.49	1.75	N	
1-Jun-09	2.04		U	
11-Nov-09	2.39	1.85		
4-Feb-10	1.835	2.4	O	
1-Mar-10	1.975	2.25		
27-Apr-10	2.63	3		
29-Jul-10	2.47	2.8		
21-Oct-10	2.66	3.2		
12-Jan-11	2.38	3.3		
2-May-11	2.1	3		
28-Jul-11	1.845	2.35		
11-Oct-11	1.37	2.5		



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Method: Target price for PAN of \$2.50 per share represents a 20% discount to our sum of the parts discounted cash flow valuation of \$3.15. WACC used is 11.5%. Credit Suisse house commodity prices used.

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