

# Quick Comment

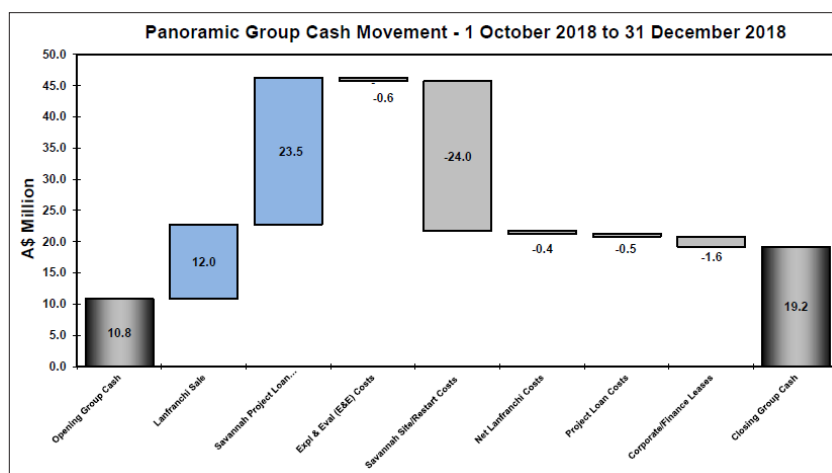
## Panoramic Resources Ltd (PAN \$0.46) Buy

<b>Analyst</b> Andrew Clayton	<b>Date</b> 29 <sup>th</sup> January 2019	<b>Price Target</b> \$0.70/sh
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### Dec Qtrly Report

#### Key Points

- PAN spent \$24m on Savannah restart in Dec'Q for total expenditure of \$31.5m after committing to the restart in Jul'18. Total capex is estimated at ~\$40m and the balance will be funded from the \$19m in cash and \$16.5m in available debt.



- Ore processing commenced mid Dec'18 and the maiden concentrate (5-8kt) is slated to be shipped in early Feb'19. At end of Dec there was 17kt of ore on the ROM and another 10kt of broken ore stocks underground.
- In Jan'19, mill throughput was exceeding 2,000tpd and recoveries were approaching 80% for Ni, 90% for Cu and 80% for Co
- As part of the debt facility, PAN was required to hedge 7kt of Ni and 3kt of Cu for delivery from FY'19 to FY'22. In Nov'18, a portion of the volume 1.7kt of scheduled for delivery in FY'19 has been transferred to 1st H FY'22. The average price of the hedge is A\$-8.45/lb and Cu price A\$3.71/lb. At the end of the Dec'18 the hedge book was \$20m in the money.

#### Investment Thesis

PAN has executed well at Savannah and is on track for first revenue in Feb'19. It remains well funded post the sale and settlement of Lanfranchi with working capital buffer of \$15-20m. The next 12-15 months is all about the ramp up to full production and the development of the twin declines to access the Savannah Nth orebody which will be the main ore source once the remnant ore from Savannah is depleted. Our valuation remains at \$0.71/sh and PAN continues to offer excellent exposure to Ni, Cu and Co. We expect the stock will re rate as it delivers on its production and free cash is generated.

#### Panoramic Resources Ltd (PAN)

Share Price	0.46	A\$/sh	Enterprise Value	229	A\$/m
Price Target	0.70	A\$/sh	Debt	23	A\$/m
Valuation	0.71	A\$/sh	Cash	19	A\$/m
Shares on issue	491	m(dil)	Largest Shareholder	Zeta Resources	30%
Market Capitalisation	225	A\$m			

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