

# Investment Memo for Pantera Minerals (ASX:PFE)

22nd December 2021

---

## What does this company do?

Pantera Minerals (ASX:PFE) is an early stage minerals exploration company based in Western Australia. PFE has a diverse suite of commodities within its tenements, including Iron-Ore, Lead, Zinc, Silver, Copper and Manganese.

## What is the macro theme?

PFE is an exposure to what we believe will be a coming commodity super-cycle leading to sustained high prices across several commodities. With the US & the EU looking to increase fiscal stimulus to spur economic growth, we think decades of under-investment in new mines will lead to higher demand and therefore higher commodity prices.

In particular, iron ore - the primary raw-material for steel - will benefit the most from increased construction and infrastructure activity, which are almost guaranteed through new stimulus programs across many nations worldwide. However, it is the higher grade iron ore that will be even more desired as steel producing nations (in particular China) also look to mitigate greenhouse and environmental issues caused by using lower grade materials.

## Why did we invest?

1. **Nearology** - PFE's Yampi project sits right next door to Australia's highest grade iron ore operation, Koolan Island (owned by \$503M capped Mount Gibson) & all of it's deep water port infrastructure. In December 2021 PFE acquired a lead/silver project with nearology to Galena Mining's Abra project, a globally significant lead/zinc/silver mine currently in development.
2. **Takeover target if a commercial discovery is made** - Any successful discovery made by PFE would make it the ideal takeover target for nearby producers who may seek bolt-on acquisitions to their assets.
3. **Tight capital structure and low EV** - Relatively low Enterprise Value with a large portion of the stock in escrow (majority of our holding is escrowed for 2 years) means that exploration success is likely to lead to strong market re-rating

[Click here to see a detailed breakdown of why we invested in PFE](#)

## What do we expect the company to deliver in 2022?

### Objective #1: Drilling of the Flagship Yampi Iron Ore project:

- Assays pending from the first round of drilling, second campaign scheduled for Q2-22.

### Objective #2: Drilling of the newly acquired Lead/Silver project.

- VTEM surveying leading-up to diamond drilling in Q2-22.

### Objective #3: Drilling at PFE's Manganese project

- Geochemical sampling program leading up to RC Drilling in Q2-22.

## What could go wrong?

- **Regulatory Risk:** As with all other junior exploration companies there is a risk with ELA's that the necessary approvals/agreements like land-access, heritage & native title agreements are not reached and permits can go un-granted.
- **Exploration Risk:** PFE's projects are relatively early stage exploration assets and the company is still refining high-priority drill targets. With early stage explorers there is a risk that the targets identified return no mineralisation.
- **Funding Risk:** As a junior explorer with early stage projects, the company does not have revenues, meaning it needs to be able to tap the markets for funding in-between major exploration programs. Markets may lose momentum and funding for early stage higher risk exploration like this could dry up.

## What is our investment plan?

Our investment strategy for our exploration investments is to take a position during the quiet periods before speculation around drilling results. This is when we typically see share prices run upwards - at this stage we aim to take some profit and possibly free carry, holding the rest of the position into the drilling results.

Our original plan for PFE was to sell 20% prior to the first results IF the share price ran, BUT after the heat came out of the iron ore market, PFE share price didn't really move as much as we had hoped, so we ended up holding nearly all of (~94%).

Our revised investment plan for PFE is to hold onto 94% of our position into the assay results from the first drilling program at the iron ore project, we will reassess completing the top slice (i.e. taking some profits) going into potential step-out/extensional drilling in 2022.



**Disclosure:** *The authors of this article and owners of Next Investors, S3 Consortium Pty Ltd, and associated entities, own 2,467,000 PFE shares at the time of writing this investment memo. S3 Consortium Pty Ltd has been engaged by PFE to share our commentary on the progress of our investment in PFE over time.*

S3 Consortium Pty Ltd (CAR No.433913) is a corporate authorised representative of LeMessurier Securities Pty Ltd (AFSL No. 296877). The information contained in this article is general information only. Any advice is general advice only. Neither your personal objectives, financial situation nor needs have been taken into consideration. Accordingly you should consider how appropriate the advice (if any) is to those objectives, financial situation and needs, before acting on the advice.

### **Conflict of Interest Notice**

S3 Consortium Pty Ltd does and seeks to do business with companies featured in its articles. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this article. Investors should consider this article as only a single factor in making any investment decision. The publishers of this article also wish to disclose that they may hold this stock in their portfolios and that any decision to purchase this stock should be done so after the purchaser has made their own inquiries as to the validity of any information in this article.

### **Publishers Notice**

The information contained in this article is current at the finalised date. The information contained in this article is based on sources reasonably considered to be reliable by S3 Consortium Pty Ltd, and available in the public domain. No “insider information” is ever sourced, disclosed or used by S3 Consortium.

For Customer Notice, Disclosure Policy, Financial Service Guide and Privacy Policy please visit <https://nextinvestors.com>.