

Resource Stock Report - V15 #17.0 – Copper, PML - Nov. 20, 2009

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resource@bmts.com Yearly subscription \$199 cdn /year or US\$199

Copper/Gold/Moly Opportunity

This is a company I have followed for a long time and it has slowly kept advancing to what is now a very attractive stage. Panoro was on our list a long time ago, back in 2003 and we sold for a small profit in 2005. The stock ran up to \$0.90 in 2007 its all time high so far.

I know some of you like to buy some of these cheap inexpensive penny stocks, but remember do not have too many of these in your portfolio and are suitable mostly for speculative money

Panoro Minerals TSXV:PML Frankfurt:PZM Recent Price C\$0.23

52 week trading range \$0.06 to \$0.38

Shares outstanding 84.6 M
Fully diluted 92.0 M approx.

Fully diluted was much higher but most warrants recently expired

Like everything Panoro got killed in last years melt down going down to around \$0.08 from the \$0.50/0.60 level.

The company has always been focused in Peru and has 14 projects there and over the years have now moved 2 projects to an advanced stage, one a copper/moly project Antilla and the other a copper/gold Cotabambas. The two projects have a combined 3.31 billion pounds of copper with 1.3 million ounces of gold at Cotabambas. The company only has a market cap of under \$20 million which is very cheap with these assets.

Now Panoro has a lot of copper with the gold and moly kickers. Both these deposits are still open with a lot of room for expansion and considering the copper price this stock has really not responded yet. Take a look at this chart on copper. Copper has recovered to pre crash levels yet a copper stock like Panoro is less then 1/3 recovered despite the fact they doubled their copper resource this year with the Antilla 43-101 resource just announced in June of this year, but was at a time period that no attention was being paid to juniors.

Weekly Copper Chart



Now the company does not have a lot of cash and needs more financing, but I think this is going to happen. I am hearing rumors it could be very soon, maybe at a premium and if its is the right financial partner coming in, this stock could pop for a quick double very easily.

It has been trading very thin in the low \$0.20s but there is a lot of stock and some should come out with bids in the mid \$0.20s. I would not go any higher than \$0.28 for the stock.

Management

Luquman A. Shaheen, M.B.A., P.Eng., P.E. President, CEO and Director has an undergraduate degree in Civil Engineering and a Masters degree in Business Administration. He has over 18 years experience in the international mining sector with over 12 years dedicated to the development of mineral projects in Peru and Latin America. Mr. Shaheen resided in Peru from 1996 until 2001, is fluent in Spanish and English, very knowledgeable of the Peruvian mining sector and the social, environmental and business issues of this important mineral producing nation.

Christian G. Pilon Director and President of Minera Panoro (Peru) S.A.C. Panoro Apurimac S.A. (Panoro's Peru Subsidiary) Resident in Lima, Peru, has over 30 years of experience in applied geophysics in mining, civil engineering, environmental and water resource projects. He is currently president of Geoline S.A., a Peruvian company dedicated to the sales and rental of engineering instrumentation and to specialized geophysical surveys and consulting.

Fred A.C. Tejada, P.Geo Vice President Exploration is a professional geologist, registered in British Columbia, and has 29 years experience in exploration, largely focusing on the exploration and development of copper, copper-gold porphyries and epithermal gold deposits. From 1996 to 2003, Mr. Tejada was Country Manager for Phelps Dodge in the Philippines, responsible for management of corporate, technical affairs and development of exploration strategy.

Michael Kerfoot, C.A. Chief Financial Officer is a Chartered Accountant with extensive experience working with mining companies. He spent four years as a member of the mining group at KPMG LLP, where he was involved with the annual audits of a number of development and production stage mining companies and developed expertise in Canadian, U.S., and international accounting practices. More recently he was a Senior Accounting Manager for a Canadian Tungsten producer.

William J. Boden, C.A. Director is a chartered accountant, is chairman of First Coal Corporation and president of CW Funds group of companies, which are affiliated with Ventures West Management Inc. He also serves as a director of GGL Diamond Corp. and Landex Petroleum Corp. Formerly he was a senior officer of Whitehorse Copper Mines Ltd. and Bethlehem Copper Corp.

C. Allen Born Chairman and Director has served as President and CEO of Canada Tungsten Mining Corporation Ltd., Placer Dome Inc. (now Barrick Gold), Amax Inc. (now known as Cyprus Amax Minerals Co.) and Alumax Inc. Mr. Born is a former director of Inmet Mining Inc. and Aksteel Holding Corp. He is also chairman of Born Investments , LLC, a private investment firm.

I have met with some of the management in the past and did meet Christian Pilon when I was in Peru a number of years ago. I can tell you these are top experienced mining people.

Properties

Panoro's flagship projects are the Antilla and Cotabambas projects which are part of the 13 copper and gold properties in Peru, located in the prolific Andahuaylas-Yauri Copper-Gold Province. The company will be conducting intensive drilling programs to define and expand the resources of the deposits in these projects. It will also be evaluating and then advancing the other gold and porphyry copper/gold properties some of which have already received recommendations for drilling programs.

Antilla 100%

Panoro announced a 43-101-compliant inferred mineral resource estimate for its Antilla copper-molybdenum project in southern Peru this June. The global inferred mineral resource estimate of 154.4 million tonnes at an average grade of 0.47 per cent copper and 0.009 per cent molybdenum is contained within the East block. This resource includes a higher-grade zone of 70.4 million tonnes at an average grade of 0.56 per cent copper and 0.011 per cent molybdenum.

The mineral resource is a tabular blanket of supergene sulphide mineralization dominated by chalcocite and molybdenite but also includes some of the underlying primary chalcopyrite mineralization. The inferred resource is hosted by a package of quartzites and quartz arenites of the Soraya formation and has alteration and mineralization characteristics which may be associated with undiscovered hypogene intrusive-hosted porphyry-style copper mineralization.

The resource estimate has been completed based on the results of a total of 67 drill holes, including the 48 drill holes from the company's exploration program completed in December, 2008. The mineral resource is contained by a conceptual life-of-mine pit shell and is above a cut-off grade of 0.25 per cent copper. A potential starter pit within the conceptual life of mine pit contains 15 million tonnes of ore at a grade of 0.72 per cent copper and 0.017 per cent molybdenum with a stripping ratio of 0.9 and provides opportunity to improve the economics of a future operation. At a nominal 20,000-tonne-per-day open-pit operation the East block of the Antilla project would have a 21-year mine life with a stripping ratio of 2.5.

The potential to increase the resource at the Antilla project includes a number of targets. Firstly, the potential for the extension of the supergene sulphide mineralization in the East block to the north and northwest was identified during the 2008 exploration program. Secondly, in the West block, located 2.5 kilometres from the East block, the potential exists for additional supergene sulphide mineralization similar to the East block. This is based on the presence of chalcocite in the holes previously drilled in the area with some drill intervals assaying above 0.30 per cent copper, particularly in drill holes ANT-13, 15, 16a and 16b. Thirdly, the presence of higher-grade hypogene porphyry copper mineralization in both the East and West blocks remains to be tested.

Cotambas 100%

The Cotabambas project is located 48 km southwest of the City of Cusco in the Apurimac Region of Southern Peru. The project is accessed via the main Cusco to Nazca highway and the unpaved main access road to the town of Cotabambas. The project was acquired by Panoro in 2007 and is 100% owned by the Company.

The Cotabambas project contains an estimated resource of 114 million tonnes within the Ccalla Porphyry with an average Copper grade of 0.68% and an average Gold grade of 0.38 g/t applying a cut-off grade of 0.30% Copper. The resource estimate was carried out by SRK Consulting and the details are available at see the link www.panoro.com/i/pdf/PanoroApuri

Financial

The last financial statement show \$350,00 cash and no debt. As I mentioned, they will need more financing but with these projects I expect that will not be a problem. And news on this front could move the stock

Their last financing was for \$20 million in May 2007 at \$0.60

Summary

With the completion of the Antilla resource estimate the company's National Instrument 43-101-compliant inferred resources include the following:

* Antilla project, Peru: 1.60 billion pounds of copper and 30.6 million pounds of molybdenum (154 million tonnes at 0.47 per cent Cu and 0.009 per cent Mo at 0.25-per-cent Cu cut-off, Amec 2009);

* Cotabambas project, Peru: 1.71 billion pounds of copper and 1.39 million ounces of gold (114 million tonnes at 0.68 per cent Cu and 0.38 gram per tonne Au at 0.30-per-cent Cu cut-off, SRK 2007).

In addition to the Antilla and Cotabambas projects, the company holds a portfolio of 12 other exploration properties in Peru. The company plans to drill test at least one of these high-priority prospects in 2009, subject to financing.

This company definitely has the assets and they are way undervalued. They fit in the category I am looking for of advanced juniors with the metal in the ground. These are the next companies that are seeing strong appreciation in their share price moving back to the pre crash levels.

With a market cap of under \$20 million and if we just ignore all their copper and just look at the gold which is \$1.3 million ozs, the market is only putting a value on this of only \$15 per ounce in the ground. Granted it is low grade, but with the copper these large tonnage projects are often economically very robust

The stock chart also looks very good too

Take note on the next page that the stock did break out of its stage one base in March 2009 with its first run to \$0.20, a 2 month consolidation and a move to over \$0.35. It then corrected back and has been consolidating in the \$0.20 to \$0.27 range. It looks like it has good support around \$0.20, also the 200 Day MA. The first resistance is around \$0.45 and that would be my near term target giving us the approximate double I spoke of. This is probably significant resistance so I would sell half the stock if we get this double and let the rest ride for free

I do own a position of 35,000 shares



It appears the next logical move for the stock would be higher. We would not want to see much of a break below \$0.20 and a move to \$0.30 to the upside would be a clear signal that the next up move has started, a higher high (the \$0.27 in August, Sept. Oct.)

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