

Corporate

Current price **6.125p**

Sector **Mining**

Code **PAT.L**

Listing **AIM**

Share Performance



% Change	1m	3m	12m
PAT.L	-11.6	-1.8	+36.6

Source: Thomson Reuters, Allenby Capital

Share Data

Market Cap (£m) **9.5**

Shares in issue (m) **154.51**

52 weeks High **11.25** Low **3.8**

Financial year end **31 March**

Source: Company Data, Allenby Capital

Key Shareholders

Republic Investment Mgt 7.76%

HSBC Global Custody 6.12%

Higgins (Michael Lindsay) 5.70%

Merrill Lynch 5.24%

Peel Hunt LLP 2.88%

Source: Refinitiv, Allenby Capital

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Panthera Resources plc (PAT.L)

Poised for Bhukia legal action

Panthera Resources (PAT.L) has announced its legal strategy in the dispute with the Republic of India relating to an alleged de-facto expropriation of its Bhukia gold assets in Rajasthan, north-west India. Legal action is planned by Panthera based on a breach in the treaty obligations under the 1999 Agreement between Australia and India on the Promotion and Protection of Investments. Panthera is now preparing to deliver a notice of dispute during the balance of Q4 2023. In the absence of 'meaningful correspondence' relating to the dispute or an 'amicable settlement', Panthera's Australian subsidiary, Indo Gold Pty Ltd, will subsequently deliver a notice of arbitration to India. This is likely to occur in Q1 2024. Under the treaty, an arbitral tribunal will need to be constituted within two months of delivery of the notice. Note, the legal process will be independent of the Indian legal system and will take place in a neutral jurisdiction. Under the terms of the Agreement, Panthera is entitled to 'fair and equitable compensation' and not just a reimbursement of expenses.

- Litigation financing:** Panthera is comfortably financed to undertake litigation against the Republic of India. The company announced in late August 2023 that it had secured US\$13.6m of non-recourse funding from LCM Funding SG Pty Ltd, a subsidiary of Litigation Capital Management Ltd (LITL.L), a leading global disputes funder. Expenses related to the claim are, therefore, only repayable in the event of successful litigation. LCM has conducted extensive due diligence involving multiple legal, mining and valuation experts. We understand that LCM has a success rate on the cases litigated of over 90%. Panthera also has the services of the esteemed Toronto law firm Fasken.
- Resource backdrop:** We believe a major positive for Panthera in supporting its case against the Indian government relates to the Geological Survey of India having identified in 2014 a 6.7m oz Au resource at Bhukia. This comfortably suggests critical mass for mine development and is potentially a resource that would attract gold mining majors.
- Litigation status:** The litigation process against the Republic of India will remain at an early stage even following the commencement of arbitration. According to Panthera, proceedings are likely to take at least three and possibly five years. In the intervening period there is, however, likely to be influential news flow. Near-term, in the absence of an amicable settlement, the key items are likely to be the commencement of the arbitration process and the size of claim for damages. We would expect the latter to be announced at the beginning of the arbitration process probably in early 2024.
- Size of the claim:** Panthera's reference to 'fair and equitable compensation', we believe, implies that a claim for damages will be based on a valuation for a developed mine using a resource of c.6m oz Au. The argument would be that the refusal of the Rajasthan authorities to grant a mining licence and the de-facto expropriation of the property has prevented development taking place. Based on our analysis of quoted mid-tier gold mining group valuations (Exhibit 1), we believe that a valuation within the range US\$500m to US\$1bn could plausibly be justified. Using resources of 6m oz Au, this would imply US\$83/oz to US\$167/oz that falls comfortably within the range for our universe of US\$67/oz to US\$1,350/oz. Clearly the sums involved in the event of successful litigation would be a multiple of the current market capitalisation of £9.5m, although net proceeds would be trimmed by an LCM success fee and expenses.

Allenby Capital acts as Nomad & Broker to Panthera Resources plc (PAT.L).

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Exhibit 1: Mid-tier gold valuations

Stock	Symbol	Price	Market capitalisation	M+I resources	Production	Market cap/resource	Mining operations
			US\$m	Au oz m	Au oz (000)/pa	US\$/oz	
Endeavor Mining	EDV: LN	1692p	5365	23.82	1400	225	Côte d'Ivoire, Burkina Faso, Senegal
Alamos Gold	AGI: TSX	C\$17.95	5292	3.92	500	1350	Canada, Mexico
B2Gold	BTG: TSX	US\$3.24	4330	11.3	595	383	Mali, Philippines, Namibia
Lundin Gold	LUG: TSX	C\$16.69	2968	6.9	468	430	Ecuador
Eldorado Gold	EGO: TSX	US\$10.84	2270	19.2	454	118	Turkey, Greece, Canada
Perseus Mining	PRU: ASX	A\$1.78	1592	5.19	525	307	Côte d'Ivoire, Ghana
Centerra Gold	CG: TSX	C\$8.09	1287	6.05	350	213	Canada, Turkey
Centamin	CEY: LN	85.5p	1227	13.6	441	90	Egypt
IamGold	IAG: TSX	US\$2.41	1220	18.2	499	67	Canada, Burkina Faso, Côte d'Ivoire
Resolute Mining	RSG: ASX/LN	20.25p	548	7.4	350	74	Mali, Senegal

Source: Company reports, Refinitiv, Allenby Capital

Note: Price & market capitalisations (07.11.23). Production and resources only apply to gold.

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