

## Corporate

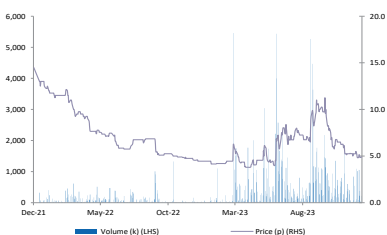
Current price **4.85p**

Sector **Mining**

Code **PAT.L**

AIM **AIM**

### Share Performance



% Change	1m	3m	12m
PAT.L	-6.9%	-52.3	+9.9%

Source: Reuters Eikon, Allenby Capital

### Share Data\*

Market Cap (£m) **8.29**

Shares in issue (m) **170.99**

52 weeks (p)	High	Low
	<b>11.3</b>	<b>3.8</b>

Financial year end **31 March**

Source: Refinitiv, Company Allenby Capital.  
\*Shares in issue include the December 2023 raise.

### Key Shareholders\*

Republic Investment Mgt Pte	7.76%
HSBC	6.12%
Higgins (Michael Lindsay)	5.70%
Merrill Lynch	5.24%
Peel Hunt LLP	2.88%
Hargreaves (Timothy)	1.45%

Source: Refinitiv (November 2023). \* pre placing

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## Panthera Resources plc (PAT.L)

### *Among the most interesting gold juniors*

We see Panthera Resources plc (PAT.L) as among the most interesting of the gold juniors. This reflects two factors. First, the announcement in late August that Panthera had secured US\$13.6m of non-recourse financing for litigation involving India's alleged de facto expropriation of PAT's world class Bhukia gold project. Panthera claims that India has breached its obligations under the Australia India Bilateral Investment Treaty (ABIT). If so, Panthera would be entitled to 'fair and equitable compensation'. We believe that based on a 6m oz Au mine, US\$500m-US\$1bn would be plausible. Legal proceedings are pending. Second, the Cascades gold project in Burkina Faso is a potential pre-feasibility study candidate. Following the 2023/24 Cascades drilling campaign, resources could be significantly upgraded. Panthera's market capitalisation of £8.3m stands at a notable discount to our £15m valuation for the West African assets alone. The potential for sizeable Bhukia damages compensation is totally unrecognised in the share price.

- **Bhukia resource base:** Panthera has referred to Bhukia in the Indian state of Rajasthan as being one of the world's largest undeveloped gold projects. Currently, the project has meaningful JORC inferred resources of 38.5m tonnes of ore @ 1.4g/t for 1.74m oz Au. The Geological Survey of India (GSI) has given a much higher estimate of 106m tonnes @2.0g/t, 0.15% Cu and 6.7m oz Au, albeit not JORC compliant. This would imply Tier 1 mine-potential.
- **Panthera's case:** The crux of Panthera's case against the Republic of India is that it has been illegally prevented from obtaining a Prospecting Licence since 2008. Panthera argues that its path was obstructed first by the Government of Rajasthan (GOR) and second by a change in India's Mines and Minerals legislation. The latter removed the preferential right of project operators to Prospecting Licences and mining leases. Panthera argues that the change in legislation together with obstructionist moves by the GOR amounted to de facto expropriation. Such an act is in contravention of the ABIT and justifies 'fair and equitable compensation' rather than merely recompense for expenditure incurred.
- **Stage in the legal process:** Panthera announced in late September that it intended to pursue a claim for damages against the Republic of India for breaches of the ABIT. This has been followed by an announcement that a notice of dispute will be delivered to the Government of India over the balance of Q4 2023. During Q1 2024 a notice of arbitration is likely to follow along with a quantification of the claim for damages. The legal process will be outside India.
- **Size of the claim:** We believe Panthera's claim will be based on a developed mine with a resource/reserves of c.6m oz Au. A review of mid-tier gold miners would suggest a plausible range of US\$500-US\$1bn. Taking the mid-point of US\$750m implies US\$125/oz Au. On this basis net proceeds would be US\$623m after allowing for non-recourse lender commission of US\$113m and reimbursement of expenses US\$14m. Given the uncertainties involved and a likely lengthy legal process, we have assigned a 10% probability of success for valuation purposes. An adjustment of 2.6% has also been made for the Bhukia minority interest. The implied risk-adjusted Bhukia valuation is US\$61m or 29.0p/share. Including the West African interests our valuation is US\$80m or 38.0p/share, 8X the mid-December 2023 level.

### Year End: 31 March

(\$'000)	2020	2021	2022	2023	2024e
EBITDA	(1,126)	(1,445)	(2,436)	(2,260)	(1,836)
NET CASH	98	1591	176	126	626

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

Please refer to the last page of this communication for all required disclosures and risk warnings.

## Bhukia project

### Location legal entity background and ownership

**Bhukia 97.4%-owned through Australian legal entity Indo Gold Ltd:** Panthera Resources plc has a 97.4% interest in the Bhukia project. The interest is held through Panthera's Australian legal entity, Indo Gold Ltd (IGL). The minority interest is owned by an Indian company.

**State of Rajasthan:** Bhukia is located in the south of the State of Rajasthan, northwest India. It lies about 150km southeast of Udaipur and 400km south of the state capital of Jaipur. The area covered is a relatively small 21.07km<sup>2</sup>.

### Geology

**Paleoproterozoic volcanic-sedimentary folded belt:** Geologically, the Bhukia project lies within a Paleoproterozoic (2.5-1.6bn years ago) volcanic-sedimentary folded belt which underlays much of Rajasthan and parts of Gujarat. This is bounded in the west by an Archaean craton and in the east by a Mesoproterozoic (1.6-1.0bn years ago) volcanic-sedimentary fold belt which hosts iron-oxide-copper-gold deposits. The whole fold-belt has been subject to intrusive magmatic activity between 3bn and 1bn years ago. Within the immediate vicinity of Bhukia, the geology is highly complex reflecting three phases of folding and the variable intensity of alteration. The host stratigraphy is the Jagpura formation which comprises schists, quartzites and marble.

### Exploration activity

**Bhukia project initiated in January 2005:** Panthera's first involvement in the Bhukia project was in January 2005 when the Indo Gold Mines Pv Ltd (IGMPL) joint venture was formed with the local legal entity Metal Mining Ltd. Over the previous three decades, significant exploration work had been undertaken by several organisations. During the 1970s and 80s, the Jagpura Permit Tenement, which contains Bhukia, was appraised for copper by the Geological Survey of India (GSI) and the Rajasthan Department of Mines.

The GSI identified signs of gold during field assessments while evidence of significant gold mineralisation was noted at Bhukia following testing. Hindustan Zinc Ltd, the Indian base metal major, conducted a short drilling programme on the licence resulting in a gold discovery. A resource of 8.7m tonnes at 2.0g/t Au was delineated, although not to JORC standards. Metallurgical testing also showed that the oxidised mineralisation was unsuitable for heap leach processing. Testing by Indo Gold, however, confirmed it was amenable to CIL (carbon-in-leach) processing. With this process a cyanide solution continuously leaches gold from ore. Carbon particles are simultaneously applied to absorb gold from the slurry. CIL is an efficient process to enhance gold grades and is widely applied.

**JORC inferred resource of 1.74m oz Au:** Following the incorporation of IGMPL, a broadly based reconnaissance programme was carried out over the 207km<sup>2</sup> Jagpura licence area. A smaller area of 21.07km<sup>2</sup> was subsequently carved out for more intensive appraisal. IGMPL drilled 21 holes on the site. A JORC compliant inferred resource was estimated by the independent consultants, Golder Associates in 2006. On a gross basis this came in at 38.5m tonnes @1.4g/t for 1.74m oz Au. The assessment was based on 72 holes drilled over 12,299m. In total, 50,000m of drilling took place at Bhukia between the 1980s and 2014.

**GSI resource estimate of 6.7m oz Au Tier 1 mine status:** The GSI has also given a resource estimate for Bhukia, albeit non-JORC compliant. This is a substantial 106m tonnes @ 2.0g/t Au, 0.15% Cu and 6.7m oz Au. Assuming it could be translated into reserves, a resource of this magnitude would imply Tier 1 status in terms of scale and mine life. Panthera has indicated that Bhukia ranks among the leading undeveloped gold projects worldwide.

### Prospecting licences

#### **Prospecting licences denied by GOR on spurious and legally untenable grounds:**

Panthera's project development at Bhukia has been stymied over an extended period since 2008 by an inability to obtain a Prospecting Licence. These are granted by state governments in India under national mines legislation in the form of the Mines and Minerals (Development and Regulation) Act (MMDR) and confer mineral rights. The last application was rejected in 2018 by the Government of Rajasthan (GOR) on what Panthera considered 'spurious and legally untenable grounds'. The Government of Rajasthan responded to Panthera's rebuttal over a year later with another rejection based on the same rationale as previously. Panthera did, however, obtain an interim Stay Order from the High Court of Rajasthan. This protected Panthera's legal rights by restraining the Government of Rajasthan from granting third party rights within the application area.

### Change of national legislation

#### **Revised legislation removed preferential right to Prospecting Licence:**

A key development on the legislative front over the past few years has been the amendment to the (Minerals Development and Regulation) Act in March 2021. This resulted in the lapse of the preferential right of project operators to a Prospecting Licence and a subsequent mining lease. Citing the revised legislation, the High Court of Rajasthan dismissed Panthera's writ (written instruction) petition to reinstate its Prospecting Licence application.

### Australia India Bilateral Investment Treaty

**Provisions of ABIT continue until 2032:** The Australia India Bilateral Investment Treaty (ABIT) was agreed on February 26, 1999, and became effective on May 4, 2000. In common with other such bilateral treaties, the purpose of the ABIT was to encourage investment and provide legal protection for investors. The ABIT includes clauses to ensure non-discrimination vis-à-vis local concerns, restrictions on expropriation of property and fair and equitable treatment for investments. The ABIT was terminated by India on March 23, 2017. Significantly, however, the provisions of the ABIT continue to apply to investments made on or before March 22, 2017, for a period of 15 years from the date of termination.

### Republic of India breach of Treaty obligations

**De facto expropriation:** Panthera claims there have been multiple breaches by the Republic of India and the Rajasthan legal system under the terms of the ABIT, resulting in the de facto expropriation of its Bhukia project. The most recent example was the decision of the High Court of Rajasthan to dismiss the writ to reinstate the Prospecting Licence Application.

### Claim against the Republic of India

**September announcement of pursuit of damages:** Panthera announced on September 27, 2023, that it would be pursuing a claim for damages against the Republic of India relating to alleged breaches of the ABIT. The caveat is that there is no 'meaningful correspondence' in relation to the dispute or an amicable settlement. Near-term, there are three stages in initiating proceedings as follows:

- Delivery of a notice of dispute to the Government of India over the balance of Q4 2023.
- Delivery of a notice of arbitration to the Government of India in Q1 2024.
- Constitute an arbitration tribunal within two months of delivery of the notice of arbitration.

At this stage Panthera's claim for damages has not been quantified. We would expect an announcement on this subject in early 2024 at the commencement of the arbitration process.

**Legal jurisdiction**

**Legal proceedings outside India:** Importantly, legal proceedings prospectively will be independent of India and Indian law. The location for a hearing could be London, New York, Paris, Stockholm, Hague or any other major centre. Litigation involving bilateral investment treaty disputes has a history of being lengthy. Panthera has referred to the possibility of proceedings requiring three to five-years duration.

**Litigation financing**

**Non-recourse litigation financing of US\$13.6m:** Clearly, litigation of the type envisaged by Panthera is likely to be costly given a potentially lengthy process and the need for a great deal of specialised legal and technical input. Panthera announced in late August that it had secured US\$13.6m in non-recourse legal financing from LCM Funding SG Pty Ltd, a subsidiary of Litigation Capital Management Ltd (LITL.L: AIM) and a leading international disputes' funder. Importantly, the availability of non-recourse finance means that expenses and fees are only reimbursable in the event of successful litigation. LCM's provision of non-recourse financing, along with the related exhaustive due diligence, arguably validates the merit of Panthera's case against the Republic of India concerning the expropriation of a valuable asset. We understand that LCM has a success rate on the cases litigated of more than 90%. It should also be noted that Panthera has the services of the esteemed Toronto law firm Fasken.

In the event of successful litigation, LCM would be entitled in the first instance to the reimbursement of money drawn down from the financing facility in pursuance of the case. In addition, it would be entitled to the greater of the following:

- Approximately US\$1.36m or 10% of the facility.
- Commission of between 5% and 15% of the damages recovered based on the number of years that have passed from the date of the funding confirmation notice.
- A multiple of between 2x and 4.25x the total facility based upon the number of years that have passed from the date of the funding confirmation notice.

**What might be the magnitude of the damages claim?**

**Entitlement to 'fair and equitable financing' under ABIT:** The terms of the ABIT quite clearly indicate that parties to the Treaty are entitled to 'fair and equitable compensation' for any transgressions and not merely reimbursements of project development expenditure. We believe Panthera's claim will be based on the valuation of a developed mine with a resource of c. 6m oz Au. The argument will probably be that the refusal firstly of the Rajasthan authorities to grant a Prospecting Licence and secondly the amendment to the Minerals (Development and Regulation) Act has led to the de facto expropriation of Bhukia project. Development has consequently been illegally blocked.

**A claim of US\$500m-US\$1bn would be plausible:** To obtain an indication of the potential range of valuations, we have looked at ten mid-tier gold miners. We believe based on our universe a valuation within the range US\$500m to US\$1bn would be perfectly plausible. Using indicated resources/reserves of 6m oz Au this would imply US\$83/oz Au to US\$167/oz Au which falls comfortably within the range for our universe of US\$67/oz to US\$1,350/oz Au. The bulk of the valuations are <US\$400/oz.

**Assuming US\$750m gross settlement net proceeds after commission/expenses could be US\$623m:** On a net recovery basis, a claim for damages needs to take account of LCM's commission and expenses. If we assume gross damages of US\$750m or US\$125/oz Au given resources of 6m oz, the net amount would be US\$623m (£509m) based on commission of 15% (US\$113m) and expenses of US\$14m. In addition to a judgment for damages, we believe that the Republic of India would be subject to an interest penalty

from the date of the original treaty transgression. It should be noted that both the gross and net estimate of damages is highly speculative at this stage.

#### What can go wrong?

**Lengthy litigation process:** The answer is plenty, given what is likely to be a lengthy arbitration process involving complex points of law, technical issues and a likely challenge to the validity of a case brought under the auspices of the ABIT. Clearly, a key area of contention is likely to be valuation given the scale of the existing JORC resource definition and absence of mine development. The crux of Panthera's argument is expected to be that the de facto expropriation of Bhukia prevented development taking place.

It should be noted that there is a recent precedent for India settling a BIT dispute. This relates to India's US\$1.1bn payment to Capricorn Energy (formerly Cairn Energy) in early 2022. An international tribunal found against the Indian Government in a long-running tax dispute under the auspices of the UK-India Bilateral Investment Treaty.

#### What happens if India refuses to accept a positive judgment for Panthera?

**Lien over the assets of the losing party:** The fall-back position for enforcing judgments on bi-lateral international treaties is typically a lien over the assets of the losing party. Qualifying assets, however, exclude gold and convertible currency reserves held in third party locations along with the assets of privately owned companies. The status of publicly owned corporations is more uncertain.

Exhibit 1: Mid-tier gold valuations

Stock	Symbol	Price	Market capitalisation US\$m	M+I resources Au oz m	Production Au oz (000)/pa	Market cap/resource US\$/oz	Mining operations
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 and market capitalisations November 7<sup>th</sup>; Production and resources only apply to gold.

## West African gold interests

### Business and legal entity structure

**Six exploration interests in prolific West Africa gold province:** Panthera's West African gold interests are based on six exploration projects in Burkina Faso, Mali and Nigeria. West Africa, note, has evolved over the past 20-30 years as a major gold producing province with production in 2022 of 14.7m oz representing 15% of the world total, based on World Gold Council data. Production derives principally from the greenstone belts of the Man-Leo shield of the southern West African craton.

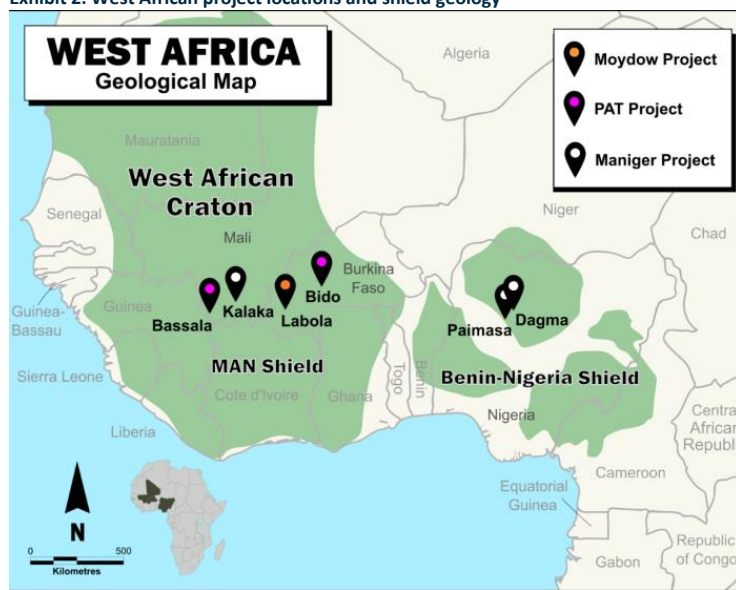
**Joint ventures with DFR Gold:** To limit spending commitments and accelerate development, Panthera's gold projects in West Africa are mainly held through joint ventures. Panthera's strategic partner is the tightly held BVI (British Virgin Islands) company Moydow Holdings Ltd which in turn is 100% owned by the TSX-V listed and Vancouver-based exploration junior, DFR Gold Ltd (TSX-V: DFR). Moydow Holdings was founded by the gold exploration entrepreneur, Brian Kiernan. The company was in many ways the reincarnation of the TSX-V and AIM listed resources company Moydow Mines International Ltd. This was headed by Brian Kiernan and was involved in several world class gold discoveries the most significant of which was Subika in Ghana. Subika is now part of Newmont Ghana.

The largest shareholders in DFR Gold are Brian Kiernan and the legendary resources entrepreneur Jean Raymond Boule with interests of 36.5% and 39.1% respectively. The latter originally rose to prominence in the mid-1990s when, in conjunction with the equally legendary Robert Friedland, he was instrumental in financing the discovery of the giant Voisey's Bay nickel discovery on Canada's Labrador Coast. This was achieved via the investment vehicle, Diamond Fields Resources, a predecessor of DFR Gold.

### Maniger Ltd

As part of Panthera's strategic partnership with DFR announced in August 2021, a BVI holding company called Maniger Ltd was created. This is owned 50:50 by Panthera and DFR and contains their interests in the Kalaka project in Mali and two gold projects in Nigeria. Via Maniger, Panthera owns 40% of Kalaka. Maniger is earning up to a 65% interest in the Nigerian projects which would imply an indirect Panthera stake of 32.5%.

Exhibit 2: West African project locations and shield geology



Source: Company. Note Labola is now Cascades



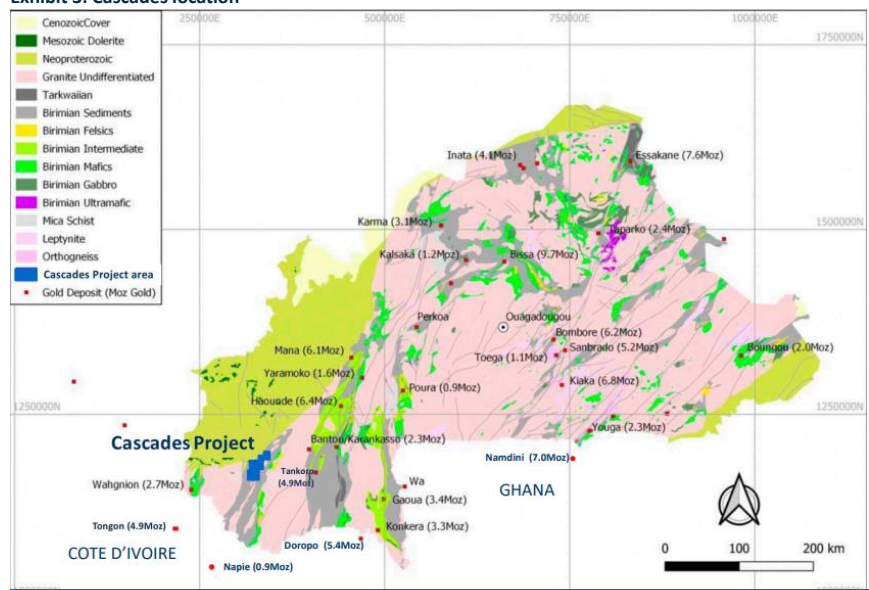
## Cascades Gold---Burkina Faso

### Licence and location

**DFR US\$18m farm-in agreement for an 80% stake:** Cascades in Burkina Faso is Panthera's most advanced project in terms of development and potentially contains a mineable reserve. Based on a US\$18m farm-in agreement, DFR Gold is working to achieve an 80% interest in Cascades. Panthera will own the balancing 20% interest assuming a successful conclusion to the farm-in. We believe this is very likely given the prospectivity of the project and the work already undertaken. The expenditure agreement extends to September 30, 2026. After this date, Panthera has a right to acquire a 10% stake for US\$7.2m, thereby implying a US\$72m valuation for 100% of the project. Moydow Holdings is the Cascades project operator.

**450km SW of Burkina Faso capital:** Cascades is located about 450km southwest of the Burkina Faso capital, Ouagadougou and 105km north of the border with Côte d'Ivoire. The project covers a sizeable 304km<sup>2</sup> and comprises two licence areas, Wuo Land and Wuo Land 2, with the latter having been acquired by DFR in March 2022. The nearest town to Cascades is Banfora about 30km to the southwest. Highway access to the project from Banfora is good with about half the route paved and half an all-weather gravel road.

Exhibit 3: Cascades location



Source: Company

### Geology

**SW-NE trending Birimian greenstone belts:** Geologically Cascades lies on the most westerly of the SW-NE trending Birimian greenstone belts in southwestern Burkina Faso. There are no active commercial gold mines in the immediate vicinity of Cascades. The Wahgnion mine recently acquired from Endeavour Mining (EDV.TSX/LN) by the privately held African mining group, Lilium Mining, lies about 100km to the southwest in the Loumana-Senoufo Birimian belt. Approximately 450km to the south of Cascades lies the Perseus's (PRU:ASX) Yaoure mine on an extension of the same Birimian greenstone belt in Côte d'Ivoire. Endeavour Mining's Houndé's mine lies about 105km north of Cascades.

**30km long mineralised corridor:** The Cascades project contains a mineralised corridor 30km along strike and 5km wide delineated by geophysical work, drilling and artisanal activity. At least seven broadly parallel shear zones have been identified in the central section of the corridor. Considerable drilling has been undertaken at Cascades by legacy operators notably, High River Gold, Taurus Gold and Moydow. Since becoming the

Cascades operator in July 2021, DFR has conducted two drilling programmes taking total meterage to 80,403m, including drilling by legacy operators.

#### Drilling activity

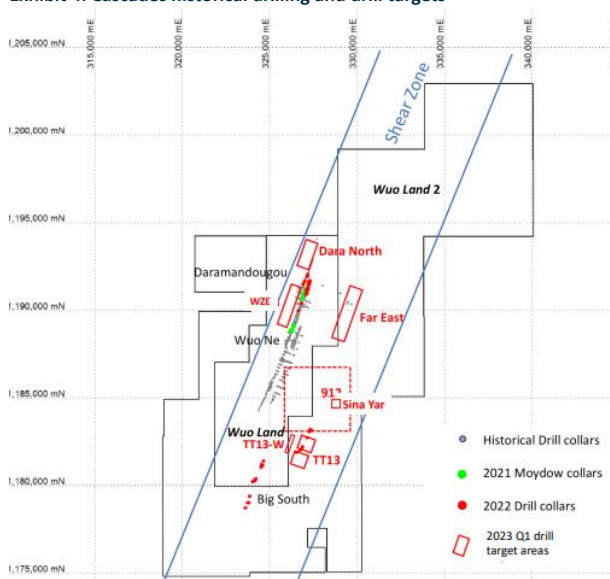
**Daramandougou licence drilled in 2022, key TT-13 prospect:** The first Moydow programme involved drilling 43 RC holes over 4,975m between May and July 2022. Infill drilling was undertaken on the Wuo Land licence in the Daramandougou zone towards the north of the shear zone. On Wuo Land 2 exploration drilling was carried out to test two new targets TT-13 and Big South. TT-13 is located 6km SSE and 8km south-southeast of the Wuo Ne and Daramandougou mineralised zones respectively, where the bulk of the mineral resources were delineated in 2021. The TT-13 structure has been mapped over the strike length of 3,000m. Highly significant mineralisation was intersected at TT-13. Notable results included 10m @ 1.81g/t Au and 4m @ 2.10g/t. Big South lies about 1km southwest of TT-13. Drilling tested an extensive artisanal zone and discovered a wide area of low-grade mineralisation.

**First phase of a DFR 10,000m drilling programme in 2023, Sina Yar discovery:** DFR undertook the first phase of a planned 10,000m RC drilling programme between February and May 2023. Over the period 5,641m were drilled with 56 drill holes. The programme targeted potential extensions to the current resource base along strike and several new prospects in the Wuo Land 2 licence area. The latter resulted in the Sina Yar discovery located about 2,000m northeast of TT-13. Significant artisanal mining takes place at Sina Yar over a kilometre of strike exploiting a north-south zone from what appears to be a near-vertical mineralised envelope. Intersections at Sina Yar included 34m @ 1.83g/t Au and 18m @ 1.13g/t Au. DFR drilled ten holes on Sina Yar covering 903m. Follow-up drilling is planned at Sina Yar, but we think artisanal activity could be an issue.

DFR also drilled one to two kilometres north of Sina Yar to test the Far East targets. A significant zone of mineralisation was discovered but the grade was low. Mineralisation appears to be open to the north at Far East.

**Completion of DFR drilling programme likely in early 2024:** We would expect the balance of DFR's 10,000m Cascades drilling programme to be completed following the end of the rainy season which is typically during November in southern Burkina Faso.

**Exhibit 4: Cascades historical drilling and drill targets**



Source: Company



## Resources

**NI 43-101 resource estimate 635,000 oz Au:** Moydow announced a maiden NI 43-101 resource estimate at Cascades in October 2021 following a 5,000m drilling programme. The resource estimate related to the Daramandougou zone and on a 100% ownership basis was 12.34m tonne of ore @ 1.60g/t Au for 635,000 oz of contained gold. The estimate assumed a gold price of \$1,900/oz and a cut-off of 0.5g/t Au. The indicated/inferred split was as follows:

- Indicated 5.41m tonnes of ore @ 1.52g/t Au for contained gold of 264,000 oz.
- Inferred 6.93m tonnes of ore @ 1.67g/t Au for contained gold of 371,000 oz.

Significantly, preliminary metallurgical test work suggests that Cascades ore is amenable to conventional cyanide leaching after grinding to industry standard sizes. Recoveries were 90%-98% for oxide ore and 82%-93% for sulphide ores.

**Plenty of scope to increase resource base:** It should be noted that the above resource only applies to a very small area of the Cascades project. We believe there is considerable scope to increase the size of the resource base. This can be achieved by a combination of infill and step-out drilling, testing new parallel shear zones and drilling at greater depth than 100m which largely defines the maximum extent so far.

**Resource update likely post second phase of drilling:** We would expect that following the second phase of drilling possibly in the first or second quarters of 2024, a new resource estimate will be made. Given positive drilling results, we would be surprised if this did not add at least 200,000-300,000 oz Au to the resource base. We think a scoping study or even pre-feasibility study could follow a new resource estimate.

**Resource base of > 2m oz Au would probably be required for mine development:** DFR is an ambitious operator. We believe at Cascades it is aiming for a resource base sufficient to support a large scale mine designed for bulk operations. Typically, in Burkina Faso such mines have reserves of >2m oz which allows for at least a ten-year mine life at high throughput. A key point to note is that grades in Burkina Faso are relatively low which necessitates high volume for profitable operations.

## Burkina Faso security situation

**Islamist violence in northern Burkina Faso**-----Northern Burkina Faso and other areas close to the Sahel (a semi-arid transition zone running across Africa south of the Sahara and north of the humid savanna regions) has suffered from escalating levels of Islamist violence over the past ten years or so fomented by groups closely associated with ISIS and al-Qaeda. This has resulted in thousands of casualties, the displacement of several million people and severely disrupted economic activity with agriculture particularly badly affected. The deteriorating security situation has triggered military coups, the creation of militias and summary justice.

-----**but south of country calm:** So far, however, the deteriorating security backdrop has mainly been a feature of the northern half of Burkina Faso. The southern half, in which Cascades is located, is mainly calm according to reports. Mining installations are protected by armed guards. Security is clearly a risk surrounding mine development in Burkina Faso.

## Bido---Burkina Faso

### Licence and location

**Panthera is earning an 80% interest:** Bido is an early-stage gold exploration project. The licence covers 100km<sup>2</sup> and lies about 150km west south-west of Ouagadougou. Highway access from there is easy via the paved N1 highway and for a short distance on well graded gravel roads. Panthera is seeking to earn an 80% interest. Its partners are two local

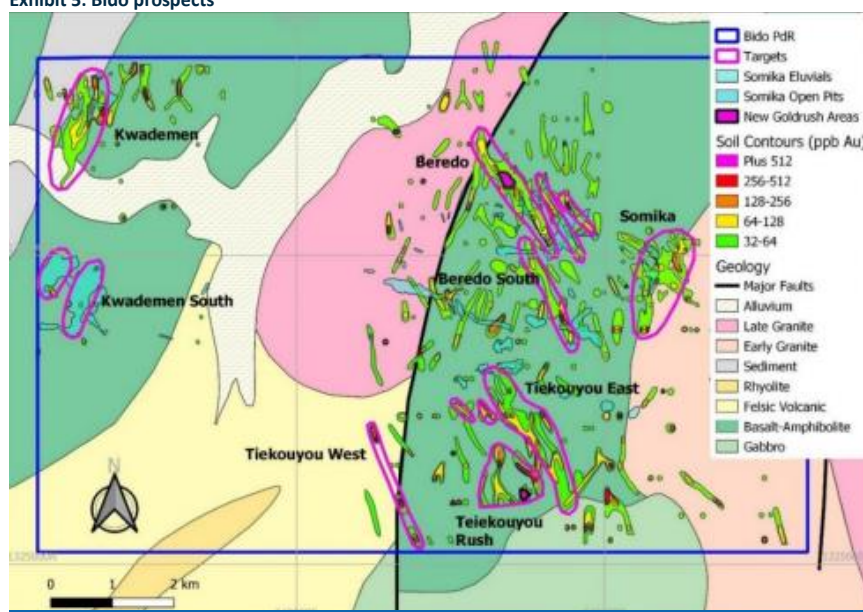
entrepreneurs. Geologically, Bido is located on the Boromo Birimian greenstone belt which is the most easterly of the three NNE trending Birimian belts in southwest Burkina Faso. The Boromo belt also hosts the Poura gold deposit about 50km to the SSW along with numerous gold occurrences.

#### Exploration activity

**Several interesting prospects:** Legacy field work and artisanal activity have yielded a considerable body of data about Bido. Indeed, several interesting prospects notably Somika Hill, Kwademan and Kwademan South, have already been identified. Exploration has been undertaken historically by two Canadian juniors, Carlin Resource Corporation and Sahel Gold Mines. Panthera undertook a modest RC drilling programme involving 1,077m in 2011. This was described as very successful with three targets all upgraded.

**Financial constraints could defer drilling:** In mid-2022 a maiden geophysical IP (Induced Polarisation) survey was undertaken over an area of approximately 15km<sup>2</sup> in the vicinity of the Beredo and Somika prospects. Results were positive, reflecting the existence of 47 anomalies were identified over three main zones. Conceivably, given the availability of data, a drilling programme would appear to be the next step at Bido but we think this could be deferred due to financing constraints.

Exhibit 5: Bido prospects



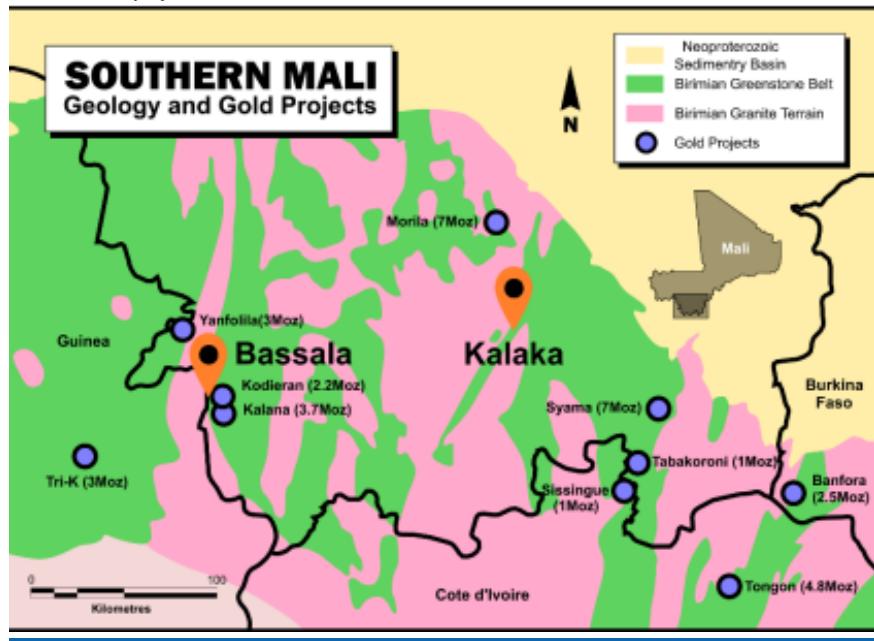
Source: Company

## Kalaka-----Mali

#### Licence and location

**Panthera's second most advanced project, 40% interest:** We see Kalaka as Panthera's second most advanced project and is as at an advanced exploration stage. It is located 260km southeast of the Mali capital, Bamako and covers 62.5km<sup>2</sup>. The site can be accessed easily from Bamako on a major paved highway in the direction of Sikasso, the regional capital of the same name, close to the border with Burkina Faso. The licence is owned 80% by Maniger Ltd and 20% by a local company, Golden Spear SARL. Indirectly via Maniger, Panthera and DFR each have a 40% interest in Kalaka. All interests participate in exploration financing.

Exhibit 6: Mali project locations



Source: Company

### Geology

**Located on a major greenstone belt:** Geologically the Kalaka licence is located on a major Birimian greenstone belt to the east of the regionally significant Banifin Shear Zone. An earlier CPR has suggested that the structural setting of Kalaka is conducive to gold deposits. Significantly, the licence area contains artisanal workings particularly to the south of the property. Kalaka lies in relatively close proximity to two large scale gold mines. These are Rolute Mining (RSG: ASX) Syama mine (6m oz Au) 85km to the southeast and Barrick's (ABX: TSX) Morila mine (8m oz Au) 80km to the north.

### Exploration activity

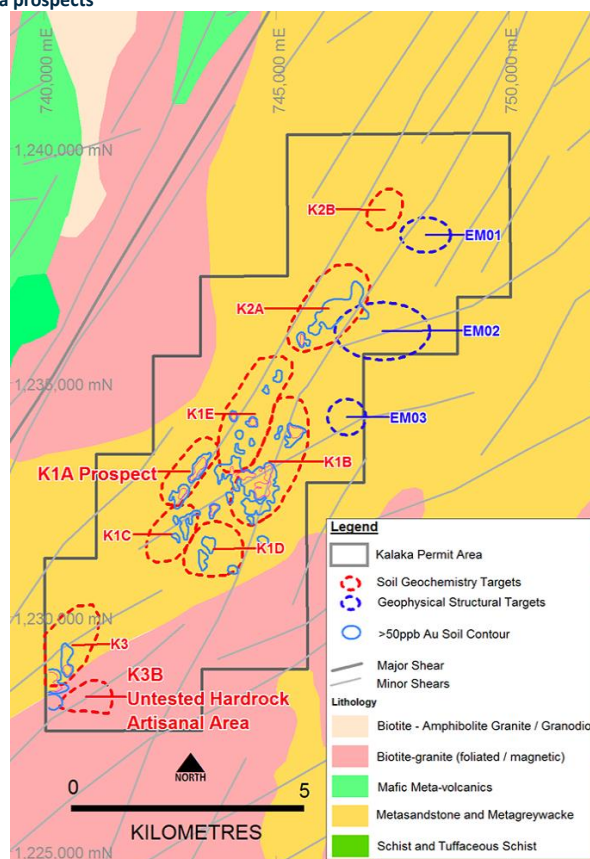
**Considerable exploration work including drilling:** Considerable exploration work has been undertaken on the Kalaka property by AngloGold (ANGJ.J) Golden Spear and more recently Moydow/Panthera. This has included geophysical surveys, ground induced polarisation (IP), soil sampling, geological mapping and AC (air core), RAB (rotary air blast), RC (reverse circulation) and DD (diamond drilling) drilling. In total, 20,952m of drilling has been undertaken with 372 holes.

**Recent drilling on K1A:** A short 705m RC programme was implemented in July 2023 on the K1A prospect, the most advanced part of the Kalaka project towards its southern extremity. Apparently, drilling was curtailed due to heavy rain. The results have yet to be published. At K1A there have been multiple intersections exceeding 150m at the 0.5g/t Au level. DFR has referred to the mineralisation similarities of K1A and Barrick's Morila mine.

### Mineralisation

**Large low-grade gold deposit:** Work to date at Kalaka points to a broad area of low-grade mineralization of around 0.5g/t. Moydow has previously referred to there being clear evidence of a large but low-grade gold deposit at K1A. Recent drilling at K1A could be a prelude to a resource estimate in 2024. Given low grades, a prospective mine would need to be a large-scale bulk facility with reserves of >2m oz Au.

Exhibit 7: Kalaka prospects



Source: Company

## Bassala----Mali

### Licence and location

**Early-stage exploration project, 80% interest:** The Bassala project in southern Mali was described in a CPR compiled by Golders Associates, as an early-stage exploration project with positive indicators for economic scale mineralisation. We think this description is still valid. The Bassala licence covers 27.4km<sup>2</sup> and is 200km south of the Mali capital, Bamako, close to the border with Guinea. Panthera has earned an 80% interest in the licence from the local Mali company, Golden Spear Mali SARL which now owns the balancing 20%.

**Close proximity to established mining area:** The property can be easily accessed by paved highway from Bamako. Significantly, Bassala is in an established mining area based on a major Birimian greenstone belt. There are three large mines and development projects in close proximity to Bassala. These are Wassoul'Or's Koderian mine (2.5m oz Au) 5km to the east, Endeavour's Kalana (1.8m oz Au) development project 8km to the southeast and Hummingbird's (HUMR:AIM) Yanfolila (2.1m oz Au) 35km to the northwest on a more westerly Birimian greenstone belt.

### Geology

**Birimian metamorphic rocks hosting greenstone formations:** Basement rocks across the Bassala property are comprised entirely of Birimian metamorphic-sediment volcanic rocks. These host greenstone formations which are the source for all known orogenic gold deposits in southern Mali. The regional geological structure is a north-south trending synform bounded by two large granite intrusions to the east and west. Major structural features in the form of shears and faults trend SW-NE. Significantly, Bassala lies on the same set of shears and faults as the Koderian mine where five mesothermal gold-bearing

veins have been identified. A similar style of mineralisation also appears apparent at Kalana. Extensive artisanal mining has been undertaken on the Bassala property.

**Exploration activity**

**Five major prospects of which Tabakorole is most significant:** Panthera commenced exploration work at Bassala in the second half of 2020. Since then, it has undertaken soil surveys, ground magnetic surveys, an IP survey and drilling in 2021 and 2022. In total, around 25,000m of mostly shallow AC (air core) drilling has been carried out across the licence. The last round of drilling in the second half of 2022 resulted in a comprehensive review of the data available and the identification of five major prospects. According to Panthera, the most significant is the Tabakorole Prospect located towards the south of the licence. Here a wide zone of mineralisation has been discovered over 2km of strike.

No drilling has been undertaken on Bassala in calendar 2023. Probably the next stage in proceedings is deeper RC or diamond drilling as a prelude to resource estimation.

## Financials

**Raises of £1.0m in June 2023**-----: Panthera has relatively subdued cash requirements currently given the free-carry on the Cascades project in Burkina Faso, the joint-venture project structure and the low level of exploration activity. At the end of March 2023 Panthera reported a marginal cash position of US\$126,000. The financial position was, however, subsequently bolstered by a two-stage equity raise in April and late June 2023 totalling £1.01m (US\$1.24m) gross or around US\$1.19m net of expenses. The raise was undertaken at 4.25p/share. In addition, subscribers to the equity issue received one option for every two ordinary shares resulting in the issue of 11.83m options. At the exercise price of 6.68p/share on or before December 10, 2025, the options could raise another £0.79m or US\$0.97m.

-----**and £0.785m in December 2023**: Panthera raised a further £0.785m (US\$0.97m) gross in December 2023 through a placing and subscription of 15,700,000 shares at 5.00p/share. Expenses were £39,000 and financed through the issue of 780,000 shares at 5p/share. Upon admission of the 16,480,000 new shares the shares in issue will be 170,989,083.

Following the latest raise, we estimate that the net cash position at the end of December 2023 will be around US\$1.05m. Our end March 2024 cash forecast is US\$0.63m. The cash outflow in the year to end March 2024 before share issues of US\$1.71m reflects administrative expense of US\$1.39m, exploration expenditure of US\$0.45m and a working capital credit on payables of US\$0.13m. Note, that Panthera expenses exploration expenditure through the income statement.

It should also be noted that potential litigation under the Australia India Bilateral Investment Treaty regarding the Bhukia project in India is underpinned by non-recourse financing of US\$13.6m provided by LCM. This is independent of Panthera's balance sheet.

**Exhibit 10: Summary income statement (US\$000s)**

Year end March	2020	2021	2022	2023	2024e
Revenue	0	0	0	0	0
EBITDA	-1126	-1445	-2436	-2260	-1836
Other income	58	100	0	0	0
Exploration costs expensed	-365	-631	-1422	-940	-450
Depreciation	-2	-2	-1	-1	-1
Administrative expense	-819	-913	-1015	-1320	-1386
Impairments/losses in associate	0	-802	-682	-896	0
Other	0	0	0	0	0
EBIT	-1128	-2249	-3119	-3157	-1837
Investment revenues	0	4	0	0	0
(Loss)/profit on sale of investments	0	-1	0	0	0
Loss before tax	-1128	-2246	-3119	-3157	-1837
Changes in the fair value of financial assets	0	0	0	0	0
Gain on sale to non-controlling interest	0	1625	0	0	0
Exchange differences	-5	-18	-32	-56	0
Other	0	0	0	0	0
Comprehensive income/(loss)	-1133	-639	-3151	-3213	-1837
Non-controlling interest	43	58	36	16	0
Net income	-1090	-581	-3115	-3197	-1837
Shares outstanding average m	72.74	86.67	97.95	123.55	152.26*
EPS (continuing operations) \$	-0.01	-0.01	-0.03	-0.03	-0.01

Source: Company; Allenby Capital. \* includes December's 2023 placing



**Exhibit 11: Summary balance sheet (\$000s)**

Year end March	2020	2021	2022	2023	2024e
<b>Non-current assets</b>					
Intangible assets	0	0	1252	1252	1252
Property plant and equipment	3	3	3	2	1
Investments	6	2210	1527	654	654
Financial assets at fair value	947	0	0	0	0
<b>Total</b>	<b>956</b>	<b>2213</b>	<b>2782</b>	<b>1908</b>	<b>1907</b>
<b>Current assets</b>					
Trade and other receivables	65	156	198	66	66
Cash	98	1591	176	126	626
<b>Total</b>	<b>163</b>	<b>1747</b>	<b>374</b>	<b>192</b>	<b>692</b>
<b>Total assets</b>	<b>1119</b>	<b>3960</b>	<b>3156</b>	<b>2100</b>	<b>2599</b>
<b>Non-current liabilities</b>					
Provisions	36	45	44	43	43
<b>Current liabilities</b>					
Provisions	9	11	25	27	27
ST debt	0	0	0	0	0
Trade and other payables	313	205	666	799	929
<b>Total current liabilities</b>	<b>322</b>	<b>216</b>	<b>691</b>	<b>826</b>	<b>956</b>
<b>Total liabilities</b>	<b>358</b>	<b>261</b>	<b>735</b>	<b>869</b>	<b>999</b>
<b>Net assets</b>	<b>761</b>	<b>3699</b>	<b>2421</b>	<b>1231</b>	<b>1600</b>
<b>Net cash/(debt)</b>	<b>98</b>	<b>1591</b>	<b>176</b>	<b>126</b>	<b>626</b>
<b>Shareholders' equity</b>					
Share capital	1010	1216	1409	1721	2217
Reserves	19	2808	1374	-111	-239
Total equity attributable to parent	1029	4024	2783	1610	1978
Minority interest	268	326	362	378	378
Total equity	761	3698	2421	1232	1600
<b>Shareholders' equity and liabilities</b>	<b>1119</b>	<b>3959</b>	<b>3156</b>	<b>2101</b>	<b>2599</b>
<b>Shares outstanding end year m</b>	<b>75.21</b>	<b>90.88</b>	<b>104.92</b>	<b>130.85</b>	<b>170.99*</b>

Source: Company; Allenby Capital. \* includes December's 2023 placing

**Exhibit 12: Summary cashflow (\$000s)**

Year end March	2020	2021	2022	2023	2024e
Loss before tax	-1128	-2246	-3119	-3157	-1837
Depreciation	2	2	1	1	1
Equity share-based payments	0	0	0	0	0
Other	136	1090	715	1049	0
Operational cash flow before wc	-990	-1154	-2403	-2107	-1836
Receivables (inc)/dec	28	-151	-43	133	0
Payables inc/(dec)	14	-108	302	126	130
Provisions (inc)/dec	1	11	13	1	0
Operational cash flow	-947	-1402	-2131	-1847	-1706
Purchase of intangible assets	0	0	0	0	0
Purchase of investments	0	0	-688	-23	0
Purchase of property and plant	-1	-2	-1	0	0
Sale/(purchase) of financial assets	50	1832	0	0	0
Share issues	636	836	1404	1821	2206
Share disposals in subsidiaries	250	0	0	0	0
Other	-78	230	0	-1	0
Cash flow	-90	1494	-1416	-50	500
<b>End year cash/(debt)</b>	<b>98</b>	<b>1592</b>	<b>176</b>	<b>126</b>	<b>626</b>

Source: Company; Allenby Capital. \* includes December's 2023 placing.

## Risks and challenges

Gold exploration juniors and Panthera is no exception, are inevitably high-risk investments. This reflects such factors as sometimes challenging jurisdictions, geological uncertainty, long lead times through development, significant capital needs and the potential for dilution. In Panthera's case, however, exploration in the prolific Birimian gold producing belts of the Man-Leo Shield in Burkina Faso and Mali offer some mitigation. As noted previously, Panthera has very wisely to a large extent structured its interests as joint-ventures. This reduces capital requirements or eliminates them altogether in the case of free-carry arrangements.

Presently we see the key risks as follows:

- **Financial constraints:** Potential financing constraints relating to both Panthera and its joint-venture partner in West Africa, DFR Gold. This reflects our view that the market has taken a more jaundiced view in recent years concerning financing long lead time resource projects. Dilution is a key area of concern. Financing constraints could seriously slow development activity.
- **Bhukia litigation process:** The appearance of unforeseen legal issues concerning the pending Bhukia legislation. We think this is unlikely given the intensive due diligence undertaken by LCM and Fasken but must be considered a possibility as in other areas of litigation. Regarding Bhukia, there is also a possibility of procrastination on the part of the Indian authorities which could delay what is likely to be a lengthy litigation process. Importantly, Panthera has secured sizeable non-recourse litigation finance which mitigates the situation.
- **Islamist insurgency:** The spread of the Islamist insurgency and chaotic security situation in the Sahel to areas in southern Burkina Faso and Mali which are presently relatively peaceful. Such a development could severely disrupt exploration and development activity.

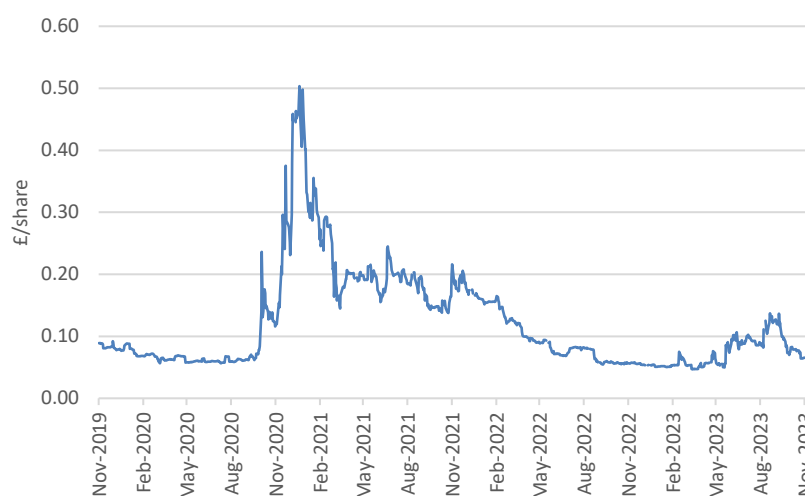
Importantly, we do not think geological issues are a major risk at least for the leading West African project, Cascades. A significant resource has already been delineated to NI43-101 standards and we believe the geological data is pointing to commercial mine potential.

## Share price performance and valuation

### Recent share price performance in retrospect

**Post IPO high of 37p/share in January/February 2021:** Panthera's share price performance has been lacklustre over an extended period. The recent peak was in January/February 2021 when a post IPO high of 37p/share was reached. This reflected three positive developments including the disposal of its stake in Anglo Saxony Mining (ASM), the appointment of the Toronto law firm Fasken to advise on potential litigation under the auspices of the ABIT concerning the Bhukia project and positive exploration news relating to the Bido project in Burkina Faso. The ASM disposal alleviated financial constraints at a critical time.

**Exhibit 13: Panthera share price history**

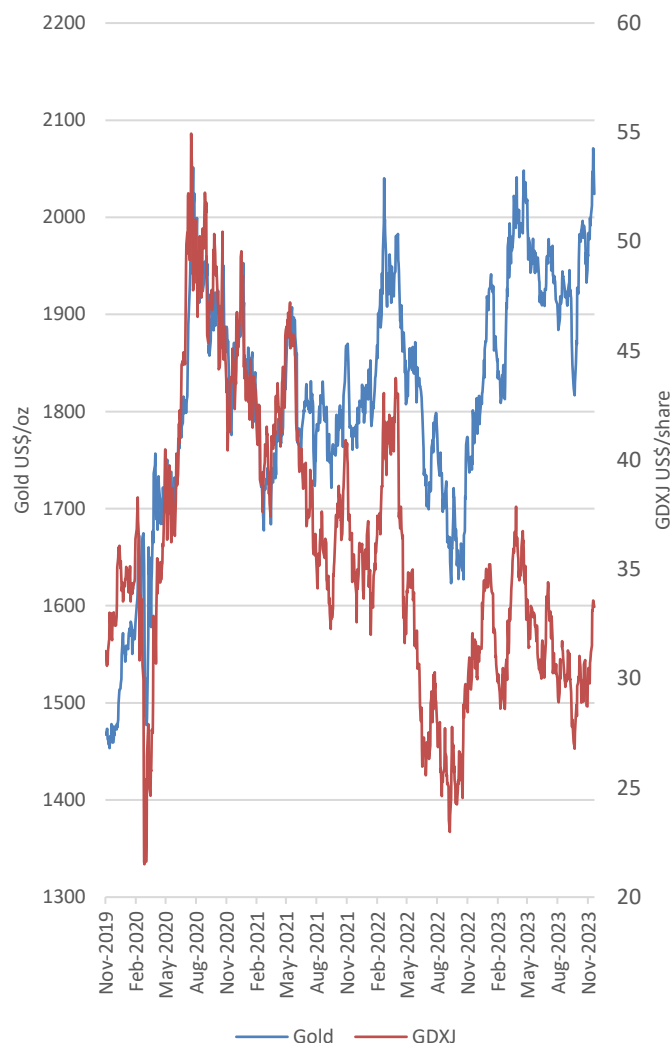


Source: Refinitiv

**Brief interlude in downward trend in Q3 2023 related to securing non-recourse Bhukia financing:** Since the first quarter of 2021 the stock has trended down. There was, however, a brief interlude late in the third quarter of 2023 when the stock rallied. This related to the availability of US\$13.6m of non-recourse financing to pursue potential litigation against the Republic of India over a transgression in the ABIT. A post 2021 high of 11.3p/share was reached on September 26, 2023. The rally in Panthera, however, proved short-lived. As of mid-December 2023 following the recent raise, Panthera was trading at 4.85p/share for a market capitalisation of £8.29m.

**Downward trend has not been atypical despite a firm showing by gold:** Interestingly, the weak trend in Panthera over the past two or three years has not been atypical in gold circles and has also occurred despite a solid trend in the gold price. Taking the period early January 2021 to December 2023, Panthera has fallen by around 85%. For comparison, the benchmark VanEck junior (in reality, mid-tier gold producers) gold mine ETF (GDXJ. LN) has declined on the same basis by a somewhat less but still highly significant 30%. Meanwhile, the gold price has risen by approximately 10% to US\$2,034/oz since early 2021. Gold, in fact, has recently traded at record levels, at least in nominal terms, of over US\$2,100/oz.

Exhibit 14: Gold vs VanEck junior gold stock ETF



Source: Refinitiv

**Key negatives relate to financial constraints and an inability to resolve the Bhukia conundrum.** We believe that the weak trend in Panthera stock over the past two or more years despite a reasonably firm gold price backdrop and some encouraging progress on project development continues to reflect two factors. These are firstly cash constraints and the increasing difficulty that juniors are finding in raising funds for projects that are inevitably long-term in nature. This is clearly not purely a Panthera issue. Secondly, share price performance, we believe, has been depressed by an inability to resolve the Bhukia conundrum.

**The backdrop however has radically improved:** We believe that the backdrop to Panthera is in the throes of turning positively which provides scope for significant share price appreciation. Project development is now to a considerable extent being undertaken through joint ventures which reduce cash needs. The DFR farm-in on the Cascades project is particularly important in this regard. Undoubtedly the key positive development of late has been Panthera's ability to obtain sizeable non-recourse financing to litigate against the Republic of India over the Bhukia expropriation. The potential upside in a success case is considerable, although as we have noted, the legal process is likely to be both lengthy and arduous.

## Valuation

**Sum-of-the parts calculation:** Our valuation methodology for Panthera reflects a sum-of-the parts calculation. The parts are Panthera's gold project interests in Burkina Faso, Mali and Nigeria and the Bhukia gold project in Rajasthan, India. In the case of the West African interests, we have used two approaches.

**Cascades risk-adjusted resource estimate using valuation quotient of US\$60/oz:** For the most advanced Cascades project, we have taken the NI 43-101 resource estimate as a starting point. We have assumed that DFR Gold will successfully farm-in to the project which leaves Panthera with a 20% stake and attributable resources of 127,000 oz Au. A valuation quotient of US\$60/oz and a 90% subjective probability of success have been applied to the attributable resources to achieve the absolute valuation of US\$6.9m.

We define success as taking a project through a pre-feasibility study with a conclusion pointing to viability. The valuation quotient of US\$60/oz is consistent with advanced stage gold projects with a meaningful resource base and visibility on critical mass of >2m oz Au. Similarly, we believe a high probability of success is justified given successful exploration activity and confirmed high prospectivity.

**Subjectively determined absolute valuations based on project expenditure and stage of development:** For the other West African gold projects, we have adopted a different stance than for Cascades, given the much earlier stage of development and an absence of defined resources. Our valuation approach has been to apply subjectively determined absolute valuations based on estimates of project expenditure and stage in the development process. Valuations range between US\$1m for the Nigerian projects and US\$4m for Kalaka, the second most advanced project.

**West African projects valuation US\$18.9m:** In total, our valuation for the West African projects is US\$18.9m. This is down from our earlier US\$25.5m reflecting a change in valuation methodology for Cascades. Previously we had used a prospective resource base of 2m oz Au rather than the NI 43-101 estimate. For comparison, DFR Gold which contains some of the same assets as Panthera sells on a market capitalisation of C\$10.9m or US\$7.9m as of mid-November 2023.

**Radical upgrading of Bhukia valuation reflecting revised methodology:** Our absolute valuation estimate for Bhukia has been radically upgraded compared with the previous estimate of US\$15.7m which was based on a risked resource calculation. The upgraded valuation is US\$61m reflecting revised methodology. This reflects our earlier analysis based on a judgment for gross damages of US\$750m less LCM commission and expenses of US\$113m and US\$14m respectively. Reflecting the early stage of what is likely to be a long and arduous litigation process, we have assigned a modest 10% probability of success to net damages of US\$623m. Lastly, we have discounted the risk-adjusted estimate for Panthera's equity interest of 97.4% which implies US\$61m.

We believe that following Panthera's announcement that it had secured non-recourse finance to pursue litigation over the de facto expropriation of the Bhukia project that a valuation based on a potential award of damages is now fully justified. Clearly, in the event of successful litigation based on the assumption of a developed mine at Bhukia would be a multiple of our risked assessment.

**Sharply upgraded valuation:** Taking Panthera's West African assets plus Bhukia our absolute valuation has been upgraded from US\$42.2m (28.5p/share) to US\$79.66m or 38.0p/share. The last mentioned represents about 8X the mid-December price of 4.85p/share. It should be noted that in the event of successful Bhukia litigation in line with the above and the risking removed, the valuation would be substantially higher at US\$626m (£511m) or 299p/share using shares in issue post the December 2023 raise of 170.99m. The US\$626m corporate valuation reflects an un-risked Bhukia valuation of

US\$623m, a 2.6% adjustment for the minority interest and the addition of \$19m for the West African assets. Assuming Bhukia litigation taking three to five years as suggested by Panthera, the per share valuation is likely to be diluted.

**Exhibit 15: Panthera Resources valuation**

	Gross resource	Panthera interest	Attributable resource	Valuation quotient	CoS	Absolute valuation		Valuation/share
Country/project	Au oz (000)	%	Au oz (000)	US\$/oz	%	US\$m	£m	p
<b>Burkina Faso</b>								
Cascades	635	20.0	127	60	90	6.86	5.60	3.27
Bido		80.0				3.00	2.45	1.43
<b>Total</b>						<b>9.86</b>	<b>8.05</b>	<b>4.71</b>
<b>Mali</b>								
Kalaka		40.0				4.00	3.27	1.91
Bassala		80.0				3.00	2.45	1.43
<b>Total</b>						<b>7.00</b>	<b>5.71</b>	<b>3.34</b>
<b>Nigeria</b>								
Paimasa		32.5				1.00	0.82	0.48
Dagma		32.5				1.00	0.82	0.48
<b>Total</b>						<b>2.00</b>	<b>1.63</b>	<b>0.95</b>
<b>Total West Africa</b>						<b>18.86</b>	<b>15.39</b>	<b>9.00</b>
<b>India</b>								
Bhukia		97.4			10	60.80	49.63	29.03
<b>Cash</b>								
<b>All projects &amp; assets</b>						<b>79.66</b>	<b>65.03</b>	<b>38.03</b>

Source: Company; Allenby Capital

Note: Cascades resource is based on the NI 43-101 estimate

COS (chance of success) refers to the subjective probability of the projects successfully completing a pre-feasibility study.

Valuations for projects without a resource base have been subjectively assigned based on estimated spend and stage of development

Panthera interests for the West African projects assume compliance with farm-in agreements.

Exchange rate £1=US\$1.225

Shares outstanding 170.99m

## Share price catalysts

We see plenty of scope for influential news flow and share price catalysts in the months ahead as follows:

- Delivery of a notice of dispute concerning Bhukia to the Government of India over the balance of 2023.
- Delivery of a notice of arbitration to the Government of India in Q1 2024. Simultaneously there may be an announcement on the claim for damages vis-a-vis Bhukia. This is likely to be the most influential development for the share price in the coming months.
- An announcement concerning the completion of DFR's 10,000m Cascades drilling programme possibly in Q1 2024.
- An upgrade of the Cascades resource base possibly during 2024 following the current drilling programme. This could potentially be a prelude to a PFS.



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