

Corporate

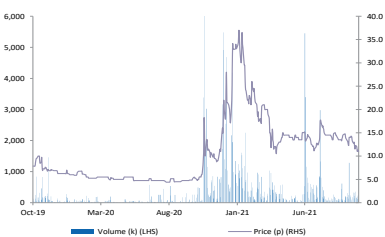
 Current price **10.75p**

 Sector **Mining**

 Code **PAT.L**

 AIM **AIM**

Share Performance



1m 3m 12m

— PAT.L -25.6% -13.9% +109%

Source: Reuters Eikon, Allenby Capital

Share Data

 Market Cap (£m) **9.8**

 Shares in issue (m) **90.9**

52 weeks (p) High Low

37 4.75

 Financial year end **31 March**

Source: Company Data, Allenby Capital

Key Shareholders

Vidacos Nominees Ltd 16.88%

Merrill Lynch Pierce Fenner 9.16%

J2 Resources Pty Ltd 8.79%

Republic Investment Mgt 6.87%

Vidacos Nominees Ltd 151004 6.52%

Pershing Nominees Ltd 5.55%

Source: Company Data, Allenby Capital

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Panthera Resources plc (PAT.L)

Considerable progress, Diamond Fields Resources link

Panthera Resources plc, the gold junior focused on Burkina Faso, Mali and India, has had a very active year both in terms of exploration and corporately. Furthermore, considerable progress has been made in advancing the development of its four directly and indirectly owned projects in the Birimian Greenstone Belt of southern Burkina Faso and Mali. This is part of the broader West African Greenstone Belt, one of the world's great gold producing provinces. Progress has been particularly apparent in the case of the Bassala project in Mali. Here, some very encouraging assay results have been reported of late which could be a prelude to a resource assessment in 2022. A major recent corporate event has been the restructuring of Panthera's jointly owned interests with privately held Moydow Holdings. TSX-V listed Diamond Field Resources (DFR) will acquire Moydow along with its interest in the JV and undertake a US\$18m free-carry farm-in into the Labola project in Burkina Faso. DFR is planning to advance Labola to bankable feasibility (BFS).

- Labola project:** Labola is Moydow/Panthera's most advanced project. Geologically it lies on the most westerly of the NNE trending Birimian Greenstone zones in southern Burkina Faso. It has been extensively worked over by artisanal miners and subject to considerable RC (reverse circulation) and diamond drilling by previous operators in the form of Toronto-based High River Gold (subsequently acquired by Nord Gold) and the South African private company, Taurus Gold. Historically, more than 65,500m of drilling has been undertaken at Labola. Three parallel vein systems have been identified by satellite imaging and drilling over 9 km of strike. Presently, prospective resources stand at 0.6m oz Au grading 1.2 g/t but Panthera has suggested there is potential to establish a JORC or 43-101 compliant resource of over 1m oz Au with 'limited exploration work'. In September 2021 Panthera announced high-grade assay results from four recently drilled RC holes. These included 4m @ 19.7g/t and 3m @3.46 g/t. In a recent news release DFR indicated that a maiden Labola NI 43-101 is expected to be filed by end 2021 following the completion of the 'initial' drilling programme.
- Labola farm-in:** Following the DFR farm-in deal Panthera's interest in Labola will drop from c 46% to 20%. Panthera however retains a Back-in right to acquire a 10% interest in Moydow after the earlier of US\$18m of expenditure by DFR or five years. The consideration is US\$7.2m. Although there is an implied five-year development programme, we believe this is conservative. In practice, we think the lead time for a BFS would be more like two years. DFR is expecting its acquisition of British Virgin Islands Moydow Holdings Ltd along with an 80% interest in Labola to close during the first quarter of 2022.
- DFR background and strategy:** Diamond Fields is a Vancouver-based mining junior with a market capitalisation of a C\$14.7m. The company's small scale belies its illustrious past. DFR is best known as the vehicle of Robert Friedland and Jean Raymond Boule that presided over the discovery in 1994 of Voisey's Bay nickel deposit on the Labrador coast. This was subsequently sold to Inco for C\$4.3bn in 1996. The founder and original Chairman and CEO was Jean Raymond Boule. According to Refinitiv, he owns 67.2% of DFR's stock. DFR's objective in acquiring Moydow is to create a new gold vehicle in the highly prospective West African Greenstone Belt. Conceivably, Panthera could figure in DFR's ambitions in due course.

Year End: 31 March

(\$'000)	2018	2019	2020	2021	2022E
EBITDA	(2,523)	(1,571)	(1,126)	(1,445)	(1,959)
NET CASH	1,572	188	98	1,592	(364)

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

West Africa project overview

Panthera's exploration interests in West Africa are principally focused on Burkina Faso and Mali. In these two countries its projects are as follows:

- Burkina Faso: Labola and Bido
- Mali: Bassala and Kalaka

In addition, Panthera currently has indirect licence interests in two Nigerian projects, Dagma and Paimasa. These interests are held via Panthera's 46% stake in Moydow Holdings Ltd. The status of Panthera's Nigerian interests will change following the closing of DFR's pending acquisition of Moydow.

Kalaka

Southeast Mali location: The Kalaka gold project is located 260 km southeast of the Malian capital Bamako in southern Mali. It lies approximately 80 km south of the 8m oz Au Morila Barrick/AngloGold mine and 85 km northwest of the 6m oz Au Syama Resolute mine. Historically, Panthera has held an indirect stake in Kalaka through its interest in Moydow. This status will, however, change following the closing of the DFR/Moydow deal. The new arrangement will be that Moydow and Panthera will both have direct interests of 40% held via a joint venture company. The remaining 20% will be owned by the Malian entity, Golden Spear Mali SARL. Panthera will act as the operator.

Maiden drilling programme planned in Q4: Significant work has been undertaken at Kalaka, through soil sampling, airborne geophysics and 20,952m of drilling (including diamond) in 372 holes. Drilling has revealed a large, low-grade zone of mineralisation with multiple drill intersections exceeding 150m at the 0.5 g/t Au level. Similarities between the mineralisation at K1A, Kalaka's most advanced prospect and Morila have been noted, according to DFR. In August Panthera announced promising results from an IP (induced polarisation) survey undertaken by Moydow. Significantly, it enhanced the definition of existing drill targets and extended the number of such targets from seven to over 20. It appears that a new mineralisation trend may have been identified. Moydow has secured a drilling rig to test the most prospective Kalaka targets after the wet season ends typically in late September. This will be the maiden Panthera/Moydow drilling programme at Kalaka.

IP surveys possibly pointing to sizeable resource: Golden Spear has suggested a potential resource at the K1A prospect of 0.25-0.50m oz Au at a 0.5 g/t cut-off. The evidence from the IP surveys, however, could be pointing to a considerably greater resource across the Kalaka project.

Bassala

Located close to major industrial mining zone in southern Mali: Bassala is located about 200 km south of Bamako in an industrial gold mining zone which hosts three large mines in close proximity. These include the Wassoul'Or Kodieran mine (2.5m oz Au) 5km to the east, Endeavour's Kalana mine (2.3m oz Au) 8 km to the southeast and Hummingbird's Yanfolia mine (2.0m oz Au) 35 km to the northwest. Panthera is the operator and is aiming to earn an 80% interest in Bassala by spending \$0.5m over a four-year period. Presently, the owner of Bassala is the Malian company Golden Spear. Geologically Bassala lies in the Birimian Greenstone Belt

Key focus of the work programme in 2021: Bassala has been the key focus of Panthera's work programme in West Africa over the past year. Considerable progress has been made appraising the project over the period starting with soil sampling and magnetic and IP surveys. This work identified 22 high priority exploration targets. Subsequently Panthera

has undertaken 10,389m of air-core (AC) and reverse circulation (RC) drilling on the property involving 164 AC and 4 RC holes.

Major AC and RC drilling programme: A 9,000m AC programme was completed in July 2021 with encouraging evidence of gold mineralisation. The highlight of the assay results was an intercept of 5m @ 6.59 g/t Au from 60m, an excellent result and the highest grade reported to date. Assays released at the end of September confirmed the presence of significant gold mineralisation in the northern part of the Bassala project, most of which is undrilled. The most significant drill intercept provided in the latest batch of assay results was 20m @ 2.12 g/t Au.

Significant gold intercepts across all targets: Results have now been obtained from two of the 13 targets drilled and relate to 280 assays. Importantly, each of the targets drilled has returned significant gold intercepts. Panthera has identified flat-lying mineralisation as at Endeavour's nearby Kalana mine where there are a series of stacked zones. Assuming the analogy is correct, Panthera's shallow drilling at Bassala may have left lower formations untapped.

Resource assessment possible in 2022: Results for the remaining assays will be announced in the coming weeks. This includes those from the deeper RC drilling. To test the remaining nine targets drilling is scheduled to commence following the cessation of the wet season around end September. Assuming continuing positive assay results, we would expect Panthera to move to the resource assessment stage at Bassala probably during 2022. A pre-feasibility study could follow.

Bido

Located in southern Burkina Faso: The Bido project (formerly called Naton) covers 100 km² and lies about 120 km southwest of the Burkina Faso capital, Ouagadougou and about 250 km northeast of Labola. The licence was renewed in November 2020 and renamed Bido PRM and is held by two local entrepreneurs. It has an expiry date of October 2023 but can be extended for two further three-year periods. Panthera is conducting exploration and appraisal activity to obtain an 80% interest in the licence requiring \$1m of exploration expenditure by end 2022. A 100% interest can be obtained by spending another \$1m by July 2024.

Early-stage project: Geologically, Bido lies on the most easterly of the three NNE trending Birimian Greenstone Belts in south-west Burkina Faso. The Bido project is still early stage in terms of exploration activity. Historical drilling and field work plus extensive artisanal workings have yielded a significant body of data. Panthera drilled on the licence in July 2018 which involved 1,077m of RC drilling in the east of the licence close to the Somika mine. Results were reported as positive.

Extremely high soil assay results: Following the licence renewal in late 2020 Panthera undertook a soil sampling survey towards the south-central zone of the licence. 'Several extremely high soil sample assay' results were returned, according to Panthera. These included 26.5 g/t Au and 16.7 g/t Au and several >1 g/t values. Panthera has previously indicated that soil sampling results point to the potential for high-grade mineralisation. Eight priority exploration targets have been identified on the Bido licence.

IP surveys possible in 2022 followed by drilling: Panthera is proposing a series of IP surveys over the target areas in 2022 to provide greater precision and assist with prioritisation given the large number of discrete targets across the licence. Depending on results, AC and/or RC/diamond drilling could follow.

Nigerian projects

Interests in two projects in the Kushaka Schist Belt: Panthera has indirect interests in two Nigerian gold exploration projects, Paimasa and Dagma, in the Kushaka Schist Belt of the Benin-Nigeria Shield (BNS). The Shield covers most of the western half of Nigeria and is broadly analogous to the Birimian Greenstone Belt of the West African Man Shield. Both projects are located in central Nigeria with the former approximately 150 km northwest of the Nigerian capital Abuja. Dagma lies about 45 km northeast of Paimasa. The projects are held via Panthera's 46.2% stake in Moydow Holdings Ltd. Currently Moydow has a 20% interest in the Nigerian joint-venture company, Gaura Holdings Ltd. Moydow's partner in this venture is a private Nigerian company PW Nigeria Mining Ltd. Panthera's indirect interest in the Nigerian licences is therefore 9.24% currently.

Panthera and Moydow will each have 10% interests: Reflecting the restructuring of interests following DFR's Moydow's acquisition, Moydow and Panthera will each hold a 10% interest in the Nigerian projects through the joint-venture company. This can be increased to 32.5% each by the two parties funding US\$2m of project expenditures on or before July 2023. The balance would be held by the Nigerian joint-venture partner.

Late Proterozoic metamorphosed volcanic-sedimentary belt: In a similar fashion to the Man-Leo Shield, the gold prospectivity of the BNS reflects the existence of metamorphosed volcanic-sedimentary belts formed as a result of major tectonic forces during the Pan-African Orogeny 650-550m years' ago (late Proterozoic). Elongated zones of schist (metamorphic rock derived from mudstone, shale and igneous rock) have proven to be prospective for gold and have been exploited by artisanal miners. Thor Exploration's recently developed Segilola mine approximately 120 km northeast of Lagos and Nigeria's first large scale industrial gold mine is located on the Kushaka Schist Belt. Bearing in mind its prospectivity, Nigeria is highly unexplored and potentially represents a new gold exploration frontier.

First pass drilling has revealed significant mineralisation: Moydow has undertaken first pass drilling at Dagma and Paimasa in 2018 and late 2020/early 2021 respectively. The results have been promising and include the discovery of a high-grade vein system at Dagma. At Paimasa Moydow has completed two diamond core holes (294m) and 17 RC holes (1,369m) targeting a series of sheeted quartz veins previously drilled by artisanal miners. According to Panthera, significant mineralisation was encountered in several drill holes including 3m @ 1.06 g/t and six metres 5.5 g/t. Expenditure to date has been US\$0.78m based on the DFR website.

Indian interests

Bhukia a potentially valuable world class asset: Panthera has some potentially valuable direct interests in two exploration projects in India. These are the Bhukia gold project in Rajasthan and the Taregaon copper-gold project in Madhya Pradesh. In terms of resources, Panthera believes Bhukia has the potential to evolve as a world class asset. The interests are held through the Australian legal entity Indo Gold Ltd (IGL) which is owned 95% by Panthera Resources. IGL has a 70% interest in the projects which implies a 65% Panthera attributable interest.

Inability to obtain a Prospecting Licence: Panthera has been stymied in its attempts to commence exploration and development at its projects in India by an inability to obtain a Prospecting Licence which confers mineral rights. Licences are conferred by state governments under national mines legislation. Natural resource development in India is very often challenging for a variety of reasons based on local politics, environmental and land rights issues.

All Prospecting Licence applications have lapsed following legislative amendments: Panthera's original Prospecting Licence application for Bhukia was rejected by the

Government of Rajasthan in 2018. An amicable remedy has not proved possible. Furthermore, the Government of India amended the Mines and Minerals Act in March 2021 which resulted in the lapse of all Prospecting Licence applications. Significantly, however, Panthera has preserved its interests in the Bhukia project through an interim stay order granted by the High Court of Rajasthan. This prevents the Government of Rajasthan from granting third party rights within the licence.

Fasken law firm appointed: In response to the impasse, Panthera has appointed Fasken, the Toronto-based international law firm. We understand Fasken is well versed in international dispute resolution particularly in the mining sector. Panthera has pointed out that India has obligations under the Australia-India Bi-lateral Investment Treaty of February 1999 and has alluded to the possibility of bringing a case under this Treaty.

Financials

Cash of \$1.59m at end March 2021: Panthera's balance sheet was substantially strengthened in the six months to March 2021. This reflected a combination of the Moydow exchange of assets, the exercise of warrants and options and especially the disposal of the stake in Anglo Saxony Mining Ltd. The last mentioned raised \$1.64m. The cash position at end March 2021 of \$1.59m, although less than our forecast of \$1.8m, nevertheless represented a comfortable starting point to finance the work programme through the first nine months of the financial year to March 2022. It should be noted here that the tempo of exploration/appraisal work has been stepped-up in the current financial year with major projects undertaken at Bassala and Kalaka. By all accounts, exploration activity will remain at a high level at both these projects in the second half of 2021/22 reflecting, in large part, planned drilling programmes.

We estimate cash of \$0.5m as of end September and net debt of \$0.36m as of end March 2022: As of end September, we estimate a cash position of about \$0.8m. For end March 2022 we forecast theoretical net debt of \$364,000. This compares with our previous forecast of a cash balance of \$0.48m. The variance reflects lower cash at end March 2021 than estimated, higher carryover G&A from 2020/21 than expected and this year's elevated level of exploration activity. Our scenario for the year to March 2022 reflects a cash outflow of \$1.96m with \$0.96m and \$1.00m relating to G&A and exploration expense respectively. Given the active work programme, we think it very likely that Panthera will seek new funding in the coming months.

Exhibit 1: Summary income statement

Year end March (\$000s)	2017	2018	2019	2020	2021	2022e
Revenue	0	0	0	0	0	0
EBITDA	-482	-2523	-1571	-1126	-1445	-1959
Other income	0	0	30	58	100	0
Exploration costs expensed	-53	-609	-676	-365	-631	-1000
Depreciation	-2	-5	-10	-2	-2	-2
Administrative expense	-413	-1090	-925	-819	-913	-959
Impairments	-16	0	0	0	-802	0
Other	0	-825	0	0	0	0
EBIT	-484	-2528	-1581	-1128	-2249	-1961
Investment revenues	8	15	8	0	4	0
(Loss)/profit on sale of investments	165	0	-8	0	-1	0
Loss before tax	-311	-2513	-1581	-1128	-2246	-1961
Changes in the fair value of financial assets	-251	147	50	0	0	0
Gain on sale to non-controlling interest	0	0	500	0	1625	0
Exchange differences	25	733	-35	-5	-18	0
Other	0	0	0	0	0	0
Comprehensive income/(loss)	-537	-1633	-1066	-1133	-639	-1961
Non-controlling interest	16	34	27	43	58	46
Net income	-521	-1599	-1039	-1090	-581	-1915
Shares outstanding average m	51.64	61.77	67.61	72.74	86.67	90.88
EPS (continuing operations) \$	-0.01	-0.04	-0.02	-0.01	-0.01	-0.02

Source: Company; Allenby Capital

Exhibit 2: Summary Balance Sheet

Year end March (\$000s)	2017	2018	2019	2020	2021	2022e
Non-current assets						
Property plant and equipment	4	11	4	3	3	6
Investments	0	16	22	6	2210	2210
Financial assets at fair value	1137	1341	1918	947	0	0
Total	1141	1368	1944	956	2213	2216
Current assets						
Trade and other receivables	45	80	343	65	156	156
Cash	265	1572	188	98	1591	200
Total	310	1652	531	163	1747	356
Total assets	1451	3020	2475	1119	3960	2572
Non-current liabilities						
Provisions	35	41	38	36	45	45
Current liabilities						
Provisions	0	2	6	9	11	11
ST debt	0	0	0	0	0	564
Trade and other payables	58	162	300	313	205	215
Total current liabilities	58	164	306	322	216	990
Total liabilities	93	205	344	358	261	835
Net assets	1358	2815	2131	761	3699	1737
Net cash/(debt)	265	1572	188	98	1591	-364
Shareholders' equity						
Share capital	16211	914	914	1010	1216	1216
Reserves	-14689	2099	1442	19	2808	893
Total equity attributable to parent	1522	3013	2356	1029	4024	2109
Minority interest	164	198	225	268	326	372
Total equity	1358	2815	2131	761	3698	1737
Shareholders' equity and liabilities	1451	3020	2475	1119	3959	2572
Shares outstanding end year m	52.99	67.61	67.61	75.21	90.88	90.88

Source: Company; Allenby Capital

Exhibit 3: Summary cashflow

Year end March (\$000s)	2017	2018	2019	2020	2021	2022e
Loss before tax	-310	-2513	-1581	-1128	-2246	-1961
Depreciation	2	5	10	2	2	2
Equity share based payments	-95	470	0	0	0	0
Other	45	104	0	136	1090	0
Operational cash flow before wc	-358	-1934	-1571	-990	-1154	-1959
Receivables (inc)/dec	0	-46	-13	28	-151	0
Payables inc/(dec)	-6	105	136	14	-108	10
Provisions (inc)/dec	2	6	4	1	11	0
Operational cash flow	-362	-1869	-1444	-947	-1402	-1949
Purchase of intangible assets	12	0	0	0	0	0
Purchase of property and plant	8	-12	-3	-1	-2	-5
Sale/(purchase) of financial assets	229	-77	243	50	1832	0
Share issues	275	3272	0	636	836	0
Share disposals in subsidiaries	0	0	0	250	0	0
Other	-47	-7	-180	-78	230	-2
Cash flow	115	1307	-1384	-90	1494	-1956
End year cash/(debt)	265	1572	188	98	1592	-364

Source: Company; Allenby Capital

Valuation

Slight reduction in valuation for lower cash position: We continue to value Panthera on a risked sum of the parts basis. The key metric for this task is enterprise value per ounce of gold benchmarked against comparable junior stocks operating in West Africa. We risk each project according to our assessment of the subjective probability of successfully completing a pre-feasibility study. Our valuation estimate is \$35.4m or £25.3m at an exchange rate of £1=\$1.40. This translates to 27.8p/share based on the current shares outstanding of 90.88m. Compared with our August 25, 2021, the new valuation reflects a slight downgrade from 28.4p/share to reflect an estimated lower cash balance. Note, that the August valuation already took into account the DFR farm-in agreement relating to Labola and a change in working interest.

Share price catalysts

There has been no shortage of news flow emanating from Panthera of late and we think the coming months will be no different. We see the following developments as being potentially particularly influential:

- A maiden NI 43-101 compliant resource estimate for the Labola project in Burkina Faso. DFR has suggested that this is likely to be filed by end 2021. We regard this as the most important potential item of news flow near-term. Given what Panthera has already said about Labola's potential, we think a resource of significantly over 1m oz Au will be required to shift the needle in terms of investor sentiment. Ideally, there will also need to be a significant proportion of the resource in the indicated category.
- An announcement by DFR that it proposes commencing work on a Labola bankable feasibility study or a pre-feasibility study. We think an announcement along these lines would coincide with the release of the resource estimate.
- An announcement by Panthera on its near-term work programme for Bassala, Kalaka and Bido. As indicated earlier, we have had intimations of drilling in the fourth quarter at Bassala and Kalaka.
- Results of exploration activity.
- The go ahead for a JORC or NI 43-101 compliant resource assessment at Bassala. This could occur following review of the assay results from drilling operations at the end of the fourth quarter of 2021 or in early 2022.
- An announcement concerning the way forward for the Indian projects. We regard any developments on this front as very much a wild card at this juncture. Panthera could, we believe, initiate a case against the Republic of India under the provisions of the Australia-India Bi-lateral Investment Treaty.

Terrorist activity and security issues: A risk to be aware concerning mineral exploration projects in West Africa is terrorist activity. Northeast Burkina Faso and the Sahel region of Mali are particular areas of concern. DFR refers to security concerns in northeast Burkina Faso in its release relating to the Moydow deal. It should be noted, however, that Labola is about 600 km southwest of the terrorist epicentre in northeast Burkina Faso. The Bido project is somewhat closer at 350 km.

Exhibit 4: Panthera Resources valuation								
Country/project	Gross resources Au oz m	Panthera interest %	Attributable resources Au oz m	Valuation quotient \$/oz	Risk factor %	Absolute valuation		Valuation per share
						US\$ m	£ m	£
Burkina Faso								
Labola	1.00	18.0	0.18	60	85	9.18	6.56	0.072
Bido		90.0				2.00	1.43	0.016
Total						11.18	7.99	0.088
Mali								
Kalaka	0.50	45.0	0.225	45	40	4.05	2.89	0.032
Bassala		90.0				2.00	1.43	0.016
Total						6.05	4.32	0.048
Nigeria								
Paimasa		32.5				1.00	0.71	0.008
Dagma		32.5				1.00	0.71	0.008
Total						2.00	1.43	0.016
Total West Africa						19.23	13.74	0.151
India								
Bhukia	6.70	66.5	4.46	34	10	15.15	10.82	0.119
Taregaon		66.5				0.50	0.36	0.004
Total India						15.65	11.18	0.123
Cash						0.50	0.36	0.004
All projects & assets						35.38	25.27	0.278

Source: Allenby Capital

Note: Panthera interest and attributable resources in Burkina Faso and Mali include a 10% government stake.

Risk factor is the subjective probability of the projects successfully completing a pre-feasibility study.

Valuations for projects without a resource base have been subjectively assigned.

The 32.5% interest in the Nigerian projects assumes that the new entity Maniger will elect to spend \$2m by 2023 for a 65% stake in the Gaura JV.

Cash position is estimated end September 2021. Undiluted shares in issue 90.88m. Exchange rate £1=\$1.40.

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