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## In The News: Panthera Resources

Natural Resources

20 February 2019

### Comment

#### PANTHERA RESOURCES\*†

(LON:PAT) | £0.0875 | US\$8m | Speculative Buy | TP : n/a

Receives first tranche of funding from Galaxy

Panthera's share price increased by 20% yesterday on the announcement that the first \$250,000 tranche of investment from Galactic Gold Mines ("Galaxy") had been received. This takes the total share price gain since the announcement on 20 December 2018 that Galaxy was a to purchase a 10% stake in Indo Gold Pty Ltd ("IGL"), Panthera's wholly owned Indian subsidiary, for US\$1.25m, to 4.5 times.

COMMENT: The two-staged US\$1.25m purchase values Panthera's remaining 90% interest in IGL at US\$11m, a 40% uplift to the company's current market capitalisation of US\$8m, which incorporates its share of the Bhukia JV, its three highly prospective west African gold exploration projects and its approximately 15% stake in Anglo Saxony Mining (which is currently advancing a preliminary feasibility study of the Tellerhauser Sn-Zn-In deposit in Saxony, Germany).

As noted in its December announcement, Panthera and Galaxy are working closely to negotiate IGL's participation in the listing of Galaxy on the Bombay Stock Exchange ("BSE") possibly through a merger to the acquisition by Galaxy. We believe that this, together with the granting of the Bhukia PL have the potential to add considerable value to the company.

The company continues to generate encouraging exploration results from its portfolio of gold exploration licenses in West Africa and the first payment under the agreement with Galaxy is a demonstration of the faith that Galaxy have in their ability to help advance the process towards the grant of the PL over the Bhukia project (IGL 70%). This would allow the company to re-commence exploration on the project which has the potential to develop into a large-scale open pit gold mining project and where current JORC compliant resources are 1.7Moz and the company has a target of outlining 6.0Moz of resources.

Galaxy earning up to 22% stake in Panthera's Indian subsidiary in return for US\$1.25 million and ongoing support and services to advance the Bhukia JV project in Rajasthan to the construction phase — Galaxy is a private Indian company with Australian management that is backed by an Indian venture capital group, Hunch Ventures. It was formed in 2016 to build a portfolio of interests in the Indian gold sector and it intends to list on the BSE in 2019. Under the terms of the December 2018 agreement, Galaxy agreed to

- purchase a 10% stake in Panthera's 100% owned subsidiary, Indo Gold Pty Ltd. ("IGL"), for US\$1.25m and
- earn up to a further 12% by providing ongoing support and services to advance the Bhukia JV to the construction phase and
- work towards Indo Gold's participation in Galaxy's listing on the BSE, which the company believes will more strongly align Indian capital and investors with the success of the project and allow greater participation by

Indian investors in the success of the Bhukia project.

Galaxy agreed to purchase the 10% interest in IGL in two 5% stages. In the first stage a 5% stake is to be purchased for US\$500,000 consisting of two payments. The payment just received was the first of two US\$250,000 payments, with the next amount due before 31 March 2019. The second 5% stake is due to be purchased for US\$750,000 prior to the re-commencement of exploration (now expected mid- to late-2019).

Galactic can also earn up to an additional 12% interest in Indo Gold subject to certain milestones - by providing administrative, legal, permitting and technical support to advance the Bhukia JV project (Indo Gold 70%) in India.

- Galaxy will earn a further 7.14% interest in IGL at the time that Panthera makes the decision to recommence exploration on the project.
- Galaxy will earn a further 5% in IGL on a board decision to commence construction at Bhukia.

Previous work on at the Bhukia Project by the Geological Survey of India outlined a non-compliant resource containing 6.7Moz of gold at a grade of 2.0 g/t Au, while a limited drill programme by the company outlined a JORC-compliant resource of 1.7Moz of gold at a grade of 1.4 g/t. Mineralisation extends from surface, supporting the view that the project should be able to be developed as a large, bulk-mineable, open-pit operation with a low strip ratio. Metallurgical work to date suggests the gold is non-refractory and that the most appropriate processing route is likely to be flotation followed by regrinding and CIL, with 85-90% recoveries expected.

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