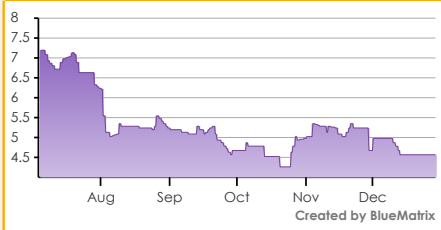
PANTHER METALS PLC (LON:PALM)

3 January 2023

Metals & Mining

52-WEEK HIGH	**£12.30**
52-WEEK LOW	**£4.22**
PRICE	**£4.65**
MARKET CAP MLN	£4.30

Share Price



Major Shareholders

Shares in issue	92,557,065
Avg Three-month trading volume	214,507
Primary Index	LON

Company Information

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Panther Metals: Go forth and multiply

Investment thesis

Panther forges ahead on two fronts: Its exploration in Ontario and its deal-doing, which one might categorise as project generation.

The exploration side hit its stride in the second half with work on the new Manitou Lakes assets and on the longer-held Obonga concessions, both in Ontario. An improving scenario for gold should enhance financing opportunities and thus allow the conservative management at Panther to push out the boat some more on exploration activities.

The London main market-listed company now controls a Canadian exploration portfolio and has a strategic stake of 36.6% in the spun-out Panther Metals in Australia and shortly will be the controller of 20% of an AIM-listed entity. These transactions underpin the market cap of Panther, leaving the exploration upside as almost a freebie on top of the hard NAV from these holdings.

Conclusion

The gold price has been through a variety of mood swings in 2022 as it has been whip-lashed by war sentiments and then inflation/interest rate sentiments. Despite this, it is still trading at levels that make gold exploration an attractive prospect.

Panther keeps bringing “fresh meat” to the table by doing deals that add value to what it already holds and adds further depth to the portfolio. Its divide-and-multiply strategy keeps adding value to its net asset value (NAV) and it will shortly have large strategic stakes in two listed explorers over and beyond its own targets in Ontario.

The Ontario assets do not seem like virgin territory but in fact, are in a neck of the woods (literally) which has been overlooked by majors and juniors alike. The success of near neighbours like Palladium One shows the hitherto hidden prospectivity. As always the drivers for Panther's price, in the year to come with be results and the gold p[rice and sentiment towards it with exploration results reinforcing these factors.

Nick O'Reilly, non-executive chairman, is the principal geologist and director of Mining Analyst Consulting Ltd. He has over 14 years' experience in mining, exploration and development across all major commodities. As a qualified geologist, he can act as a Competent Person for JORC Code and AIM rules.

Darren Hazelwood, chief executive, is an entrepreneur with over 15 years' experience of building private companies and managing teams focused on value creation. He has extensive experience in the natural resource sector as a private investor.

Mitchell Smith, chief operating officer, is currently the CEO of Global Energy Metals Corp.

Key takeaways

- Panther morphed into two companies in fairly short order and now has a strategic stake in another that will shortly be listed shortly on the AIM market as a result of divesting its Big Bear project in Ontario
- The focus at the UK company is now upon the exploration of the core group of assets it holds in highly prospective areas of Ontario
- Since then, it has added further territory in the Hemlo-Schreiber camp and most recently in the Manitou-Stormy Greenstone belt
- Palladium One's successes at Tyko shine a new light on Panther's Dotted Lake
- Gold has spent much of 2022 marking time as war and inflation have failed to fire up the yellow metal's price. Despite this, gold's average price during the year was one of the highest in history
- The company is now positioned in three top-tier jurisdictions, directly in Ontario and indirectly in the Northern Territory and Western Australia

Fulcrum listing in the new year

New exposure on AIM

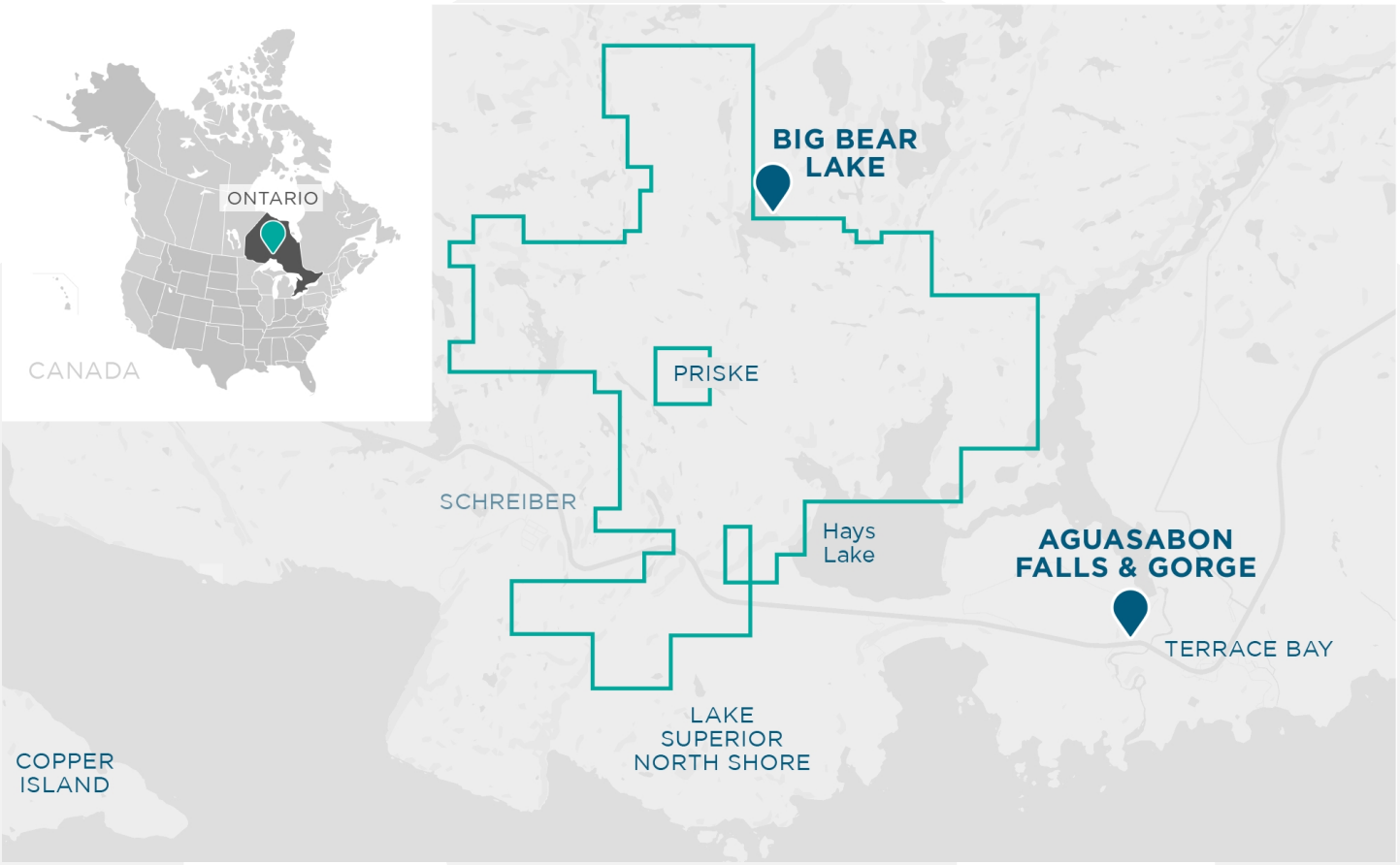
Investors will recall that in April 2022, the company announced a sale agreement of its Big Bear Project, located on the Schreiber-Hemlo Greenstone Belt. Under the terms of the agreement the claims, associated data, and documentation were transferred to Fulcrum Metals (Canada) Ltd., the Canadian subsidiary of Fulcrum Metals Limited, an Irish registered company, which is heading towards an initial public offering on the AIM section of the London Stock Exchange.

There have been some delays in Fulcrum's initial public offering (IPO) which was originally planned for October 2022. Now it is scheduled for the first quarter of 2023.

Upon listing Panther will hold 20% of the entire issued share capital in Fulcrum as consideration shares; a payment of £200,000 will be received and Panther will hold a 2% net smelter return royalty. The shares issued to Panther will have an escrow period of 12 months.

Mitchell Smith, the chief operating officer of Panther is also a director of Fulcrum.

Big Bear Lake concession



What this means

The Shear Zone of Manitou Lake

About Fulcrum Metals

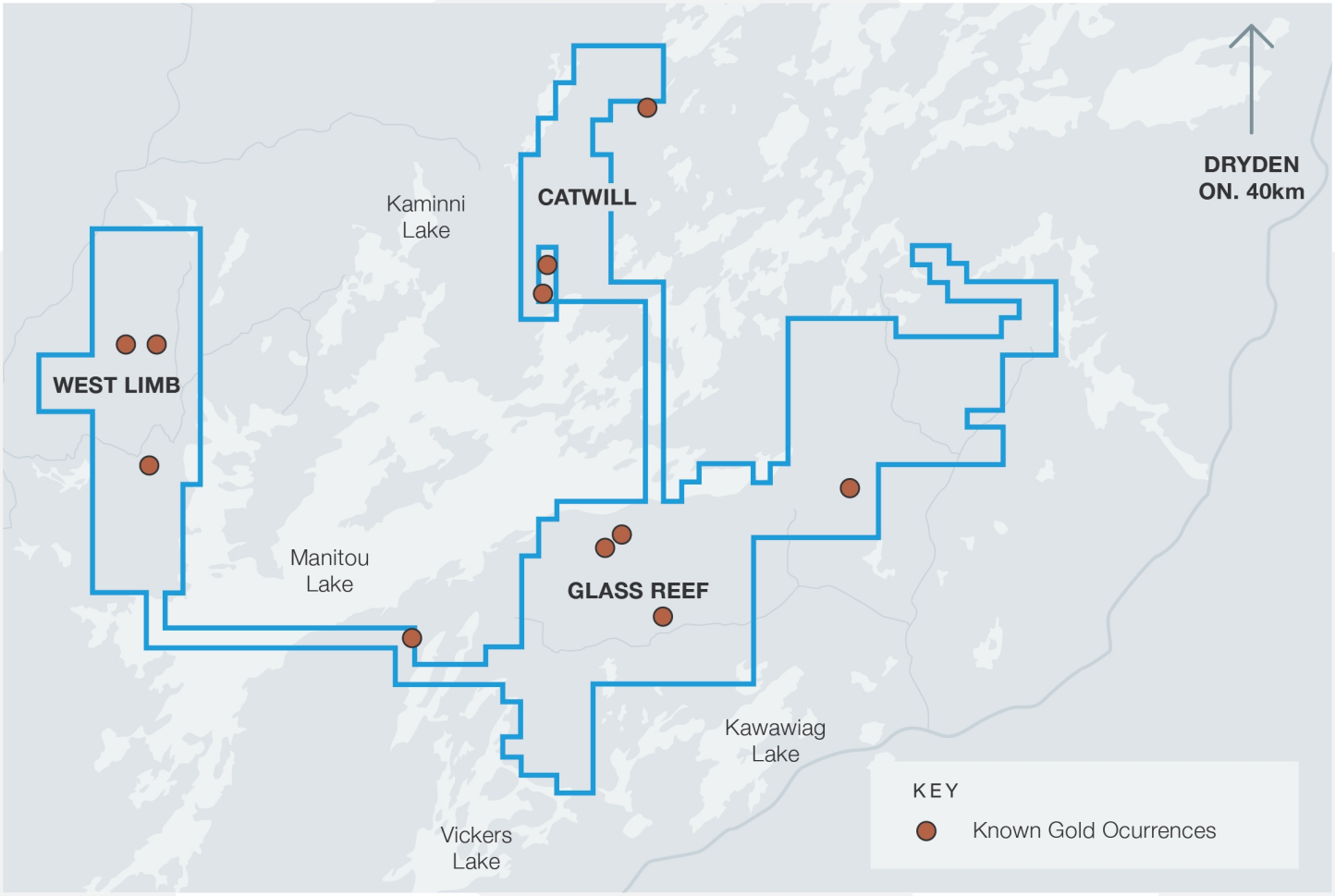
The exposure to Fulcrum gives Panther indirect exposure to early-stage gold and base metal exploration over a further four properties on the Schreiber-Hemlo Greenstone Belt; with an additional two properties on the Dayohessarah Lake Greenstone and the Michipicoten Greenstone Belt; while diversifying commodity exposure through Fulcrum's two uranium exploration properties in the vicinity of the Athabasca Basin in Saskatchewan.

In Aprill 2022 the company also entered into an arrangement to purchase the Shear Gold Project including the West Limb and Glass Reef gold properties, all on the Eagle-Manitou Lakes Greenstone Belt. These are shown on the map that follows.

This option on the Shear Gold brought exposure to a third Ontario greenstone belt.

The Shear Gold Project covers a total area of about 98km^2 and is located within the gold-endowed Kenora Mining District, some 300 kilometres (km) east of Thunder Bay and equidistant between the towns of Fort Frances and Dryden in north-western Ontario, Canada.

The Manitou Lake Shear Zone



Exploration

The company has secured the services of an experienced Ontario geologist, Ryan Hrkac, that put together through Shear Gold.

Exploration work conducted by Shear Gold to date identified numerous gold-bearing structures and favourable geological host rocks through early-stage mapping and surface sampling. The work has focussed on two target areas, namely the West Limb Gold Property and the Glass Reef Gold Property, both of which host historic gold mines which have never been systematically explored using modern techniques or drill tested.

In September the results of a maiden sampling campaign at Manitou Lakes. All three soil survey grids conducted during the first program identified anomalous areas of gold in soil with a significant proportion of the results (>17%) returning highly significant gold in soil anomalies above 0.01 ppm Au. A total five soil samples returned standout, highly anomalous assay results ranging between 1.254 ppm Au up to 6.81 ppm Au, equivalent to 1.254 g/t Au and 6.81 g/t Au respectively, these have been designated priority targets for investigation.

In early December, the company released news on its follow-up geochemical soil sampling program in the Barker area of the Manitou Lakes project.

This follow-up soil program delineated a further 300m strike extent of linear anomalous and high-grade gold in soils at the Barker prospect area. These results, in addition to the results announced in September, extended the north-northwest trending gold in soil anomaly at Barker to 700m with the mineralised

ground remaining open along strike in both directions, with the historical workings of the Barker Bros. Mine situated a further 200m south of the enlarged gold target.

The gold anomaly is coincident with a mapped shear structure and is parallel to electromagnetic and magnetic geophysics anomalies identified by regional and historical geophysical datasets.

The soil survey results have effectively extended the area of interest for the planned IP (induced polarisation) geophysics survey work and future drill target planning which are the subject of current exploration permit applications.

Closeology

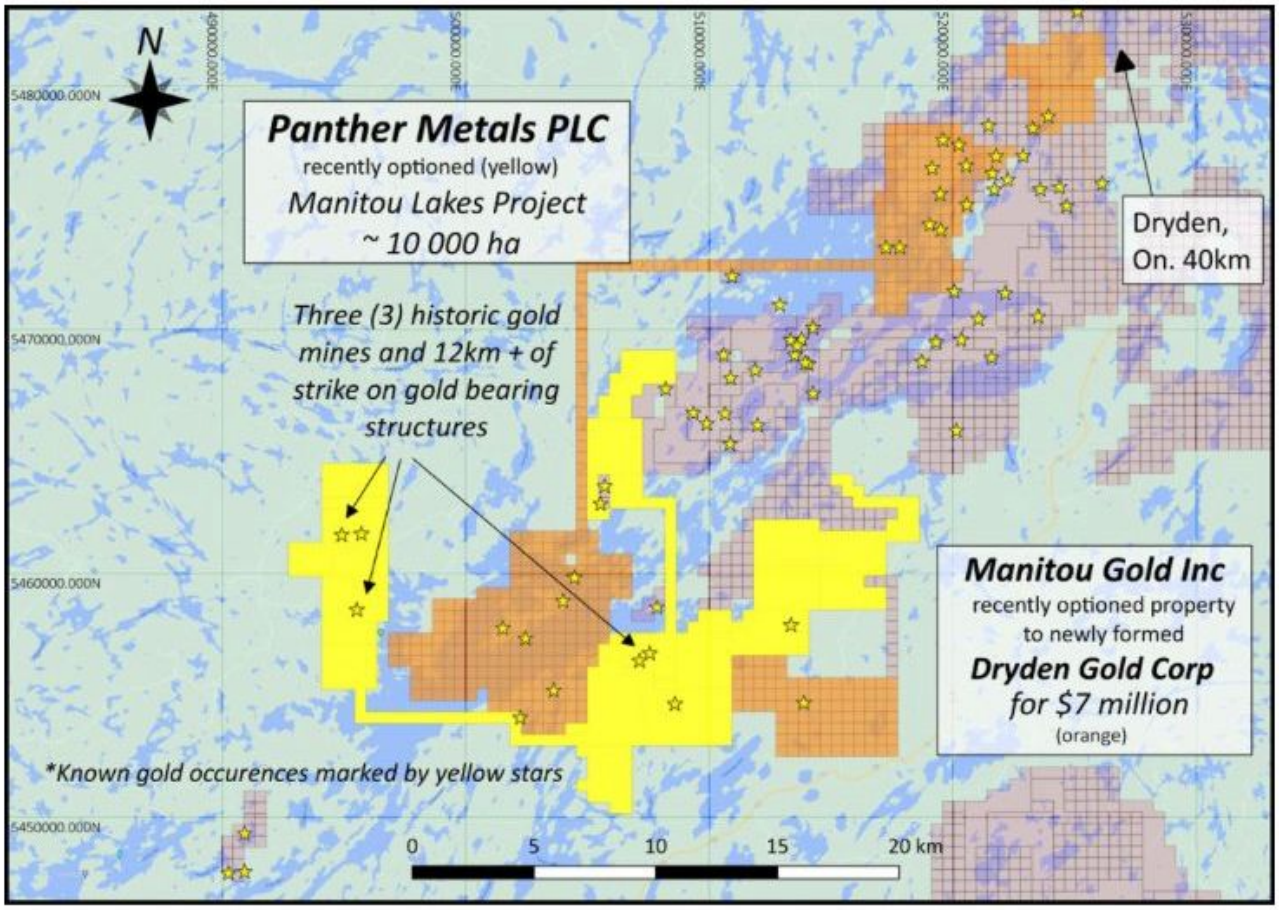
Manitou Lake deal

The sale of Kenwest, an immediately adjacent project, was announced in March by Manitou Gold Inc, for C$7mln to the private company Dryden Gold underpins the value attributed to the Manitou exploration address.

Dryden Gold is backed by the founders and management of Ely Gold Royalties, which was taken over by Gold Royalty Corp (GRC) for approximately C$300mln in 2021.

That property covers five parallel shear structures.

Regional context



Other progress

Obonga et al

In late October of 2022, the Autumn drilling campaign began on targets on the Obonga Greenstone Belt approximately 160km north of Thunder Bay, Ontario, Canada.

The helicopter and first diamond drilling rig arrived at the site and mobilised to commence drilling at the Wishbone Prospect. A second diamond drilling rig was also mobilised to Wishbone shortly after.

At Wishbone the company is seeking to test the expected base metal zonation within the VMS (volcanogenic massive sulphide) mineral system discovered by the inaugural two-hole drilling program in the Autumn of 2021.

The 2021 drilling consisted of two holes for a total 600m of diamond drilling, intercepted multiple lenses of sulphide mineralisation including in drill hole BBR21_WB_001 a 27.3m wide intercept of massive sulphide mineralisation and in hole BBR21_WB_002 51m of sulphide-dominated mineralisation.

The Obonga drilling program is targeting multiple high-priority electromagnetic and magnetic geophysical anomalies prospective for VMS hosted copper / base metal mineralisation and intrusion-hosted nickel, platinum and palladium.

On trend with Tyko?

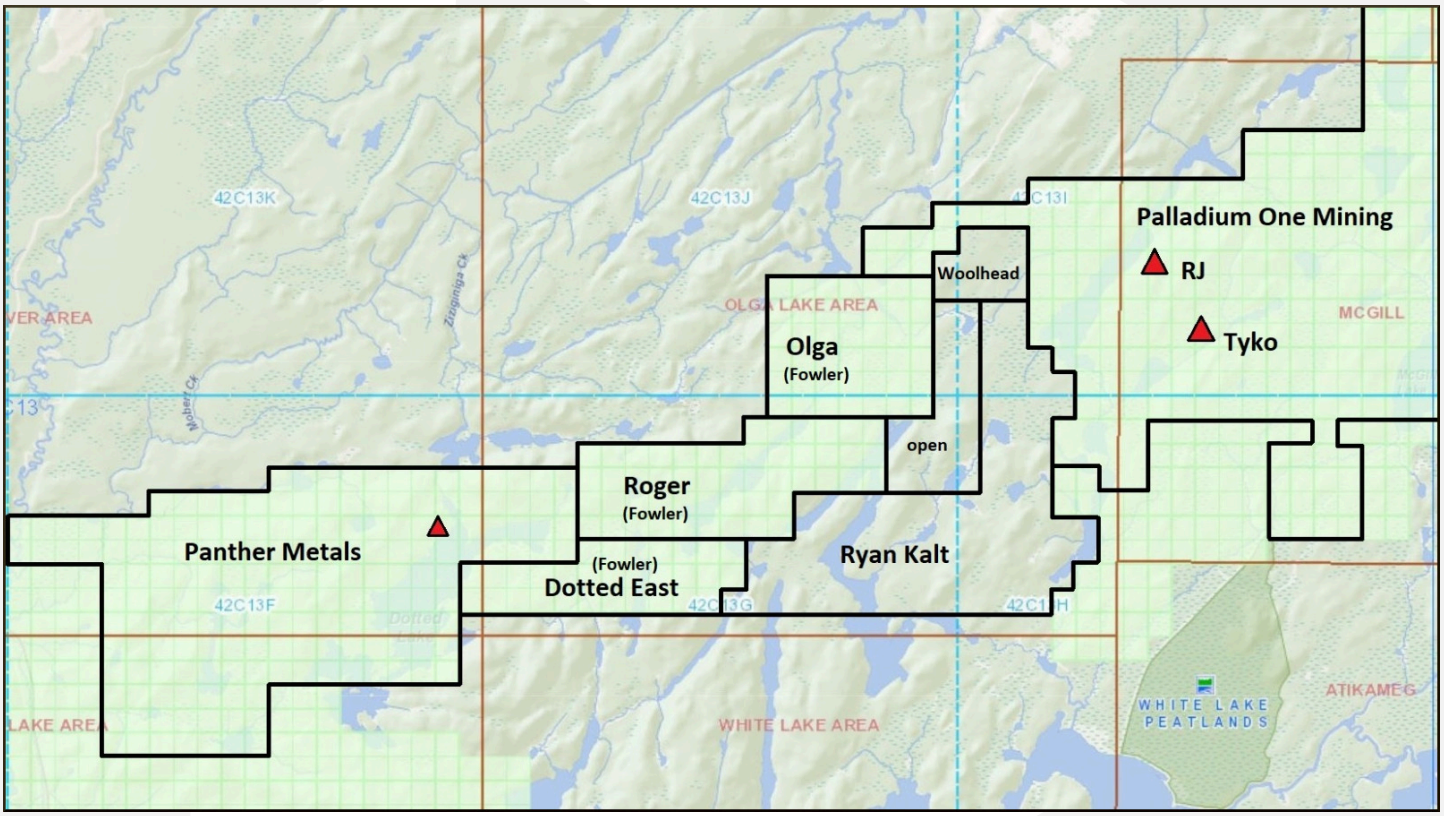
It is worth noting that Palladium One's recent discoveries at its Tyko project, on trend with Panther's Dotted Lake (see map below) have been making waves.

The Smoke Lake Zone was discovered in Q4 2020 with the first hole (TK20-015) of drill program returning massive Ni-Cu sulphides at 30 meters depth. To date a total of 36 holes totalling ~3,400 meters have been drilled on the Smoke Lake Zone (2020-2021) returning up to 8.1% Ni, 2.9% Cu, 0.11% Co, 0.61g/t Pd, 0.71g/t Pt, and 0.02g/t Au over 3.8 meters in hole TK20-023.

Then in 2022, at West Pickle results included:

- **10.1 meters of 2.5% Ni, 1.0% Cu**, 0.03% Co, 0.14 g/t Pd, 0.10 g/t Pt, 0.02 g/t Au in massive and disseminated sulphide in hole TK-22-070
  #Inc. **2.3 meters of 10.4% Ni, 3.4% Cu**, 0.14% Co, 0.53 g/t Pd, 0.34 g/t Pt, 0.04 g/t Au

  #Inc. **0.9 meters of 12.9% Ni, 2.7% Cu**, 0.16% Co, 0.67 g/t Pd, 0.34 g/t Pt, 0.04 g/t Au



Financing

During 4Q22 the company issued 343,000 ordinary shares of no par value at a price of 5.5p each, credited as fully paid, to a contractor as compensation for the successful execution of the drilling program at Obonga.

The total number of Ordinary Shares in issue following admission will be 71,684,339.

While the Fulcrum stock is escrowed, it cannot be monetised but at least the company will have a payday immediately with the receipt of the £200,000 payment upon listing.

Mark to market

The Equity Holdings

It's too early to speculate as to what valuation Fulcrum will bring once it lists but whatever the market capitlisation is, some 20% of it will be attributable to Panther Metals and thus a further underpinning on the value proposition.

On the Australian front it is easier to value the stake in the spun-off Australian entity (PNT.ax) which has been listed for around two years now. The 36.6% held

entity being worth around A$3.7mn on a mark to market basis for the former UK parent.

Things to consider

Risks

The risks are narrowed at Panther by the almost total absence of political risk in the jurisdictions in which it operates. This leaves us with the following considerations:

- Gold price weakness
- Financing markets deteriorate
- Failure to prove up sufficient resources/reserves

The main risk currently is that the gold price might move unfavourably, but that holds for all gold miners. **Our outlook is for gold to break through US$2,000 per oz in 2023 but not to advance significantly beyond that.** In our view, anything over US$1,600 is highly prospective for encouraging investment.

Financing waves come and go. Despite the floppiness in the gold and silver price, money has continued to flow to the precious metals space, though at a slower rate than pre-2022.

The risk of non-discovery or inadequate resources being defined is a perennial in the exploration space. This risk is best mitigated by the prospectivity of the ground being explored and the quality of the team involved. Panther appears to have addressed these two issues.

Exploration to the fore

Conclusion

Panther Metals now has its main focus on Ontario and the divestment of Big Bear into the soon-to-be-listed Fulcrum has given the company yet another strategic stake to further underpin its NAV. We had thought the company's deal-doing days were over, but it has continued to surprise by flipping assets and building value through the transactions.

As exploration work in late 2022, the drivers for Panther's price upside will be exploration results, particularly as more work is undertaken on the VMS targets at the Obonga project in the Hemlo district and as the potential at Manitou Lake starts to become evident.

The work by Palladium One in the proximity of Dotted Lake, also opens up the potential of Nickel-PGMs in the zone of Panther's project.

If the coming year sees a swing back to focus on gold exploration projects then Panther is ideally positioned to capitalise on revived interest.

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