

HALLGARTEN + COMPANY

Initiation of Coverage

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Panther Metals

(LSE: PALM)
Strategy: LONG

Key Metrics

Price (GBP)	£0.0380
12-Month Target Price (GBP)	£0.125
Upside to Target	229%
12mth high - low	GBP 0.0262 to 0.115
Market Cap (GBP mn)	£3.53
Shares Outstanding (mns)	92.8
Fully diluted	122.4

Panther Metals

Narrowing the Focus to VMS

- + The focus at the UK company is now upon exploration for the VMS potential of the core group of assets it holds in highly prospective areas of Ontario
- + The pivot to VMS-hunting will potentially up the company's exposure to base metals and PGMs
- + It has added further territory most recently in the Manitou-Stormy Greenstone belt, where Dryden Resources is making a big play
- + Palladium One's successes at Tyko shine a new light on Panther's Dotted Lake
- + Panther has a history of dynamic deal-doing having morphed early on into two companies, one on the LSE, while retaining 23.54% in Panther Metals Ltd listed on the ASX
- + It now also has a strategic stake in Fulcrum Metals, that listed in early 2023 on the AIM market, as a result of Panther vending to them its Big Bear project in Ontario
- + The company is now positioned in three top tier jurisdictions, directly and indirectly in Ontario and indirectly in the Northern Territory and Western Australia
- ✗ As one of the few exposures to Canadian exploration listed in London it has few comparisons for investors to reference
- ✗ The prices of base metals and Gold remain somewhat range-bound and torpid of late
- ✗ The environment for exploration funding is tough with investors being willing to fund only projects with a good story and realistic perspectives of production

Ontario Exposure

It difficult for us to think of another LSE stock that is as Canada-focused as Panther Metals. In fact, with its spin-out of some Canadian assets into the similarly London-listed Fulcrum (though on AIM), Panther now represents two of the few exposures to Ontario available on this side of the Atlantic.

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 base metals and gold would enhance financing opportunities and thus allow the conservative management at Panther to push out the boat some more on exploration activities.

In this initiation we shall look at the rationale for the pivot towards the hunt for VMS systems at Obonga, the potential at Manitou Lakes, the increased interest in the neighbourhood of the company's Dotted Lake asset and the general undervaluation of Panther Metals when one looks at the sum of the parts, particularly related to its holdings in two other listed companies.

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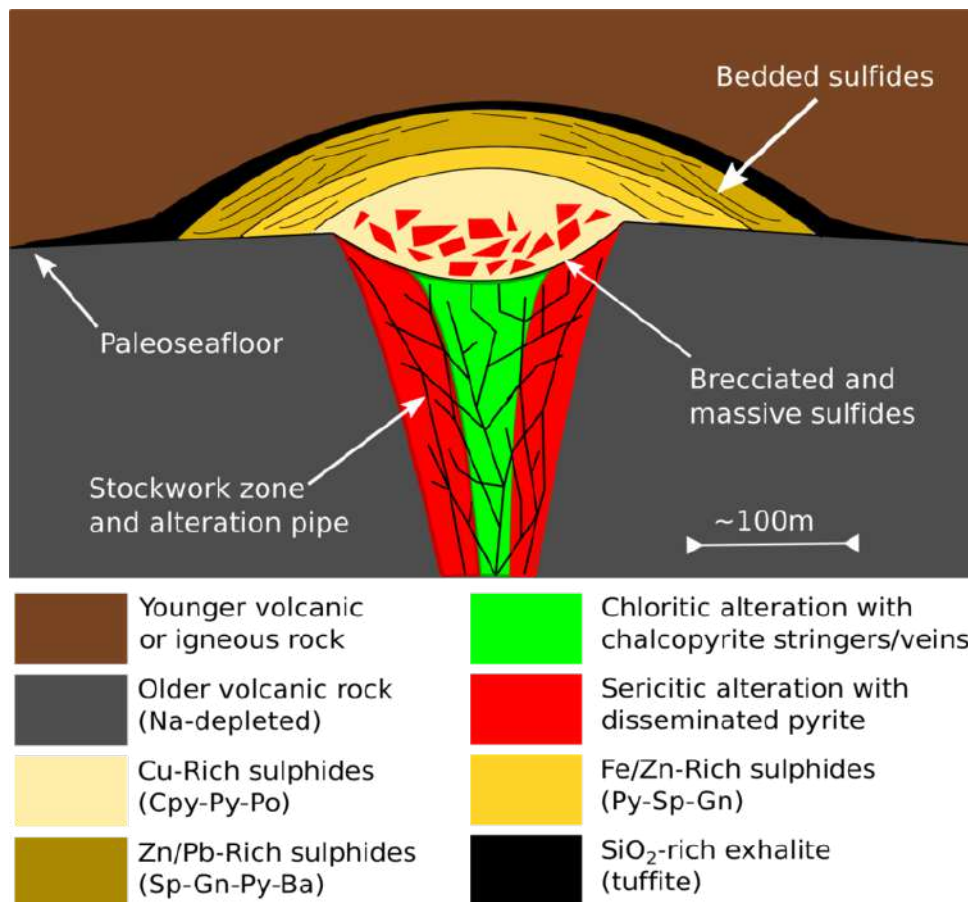
Out of the Jungle and Into the Forest

The company was incorporated in June 2013 as an investment vehicle to focus on investment opportunities in the upstream palm oil sector in Southeast Asia (hence the company's ticker!). In early 2018, the then directors resolved upon a change of investment strategy, change of name, a placing to raise £300,000 before expenses and board changes. After their approval the company's ordinary shares were admitted to the Official List and to trading on the Main Market in January of 2020 (almost the eve of the pandemic).

The company now controls a Canadian exploration portfolio and has a strategic stake of 23.54% in the spun-out Panther Metals in Australia and a 20% stake in the AIM-listed entity, Fulcrum Metals. 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.

On VMS Systems

Volcanogenic massive sulfide ore deposits, also known as VMS ore deposits, are a type of metal sulfide ore deposit, mainly copper-zinc which are associated with and created by volcanic-associated hydrothermal events in submarine environments.



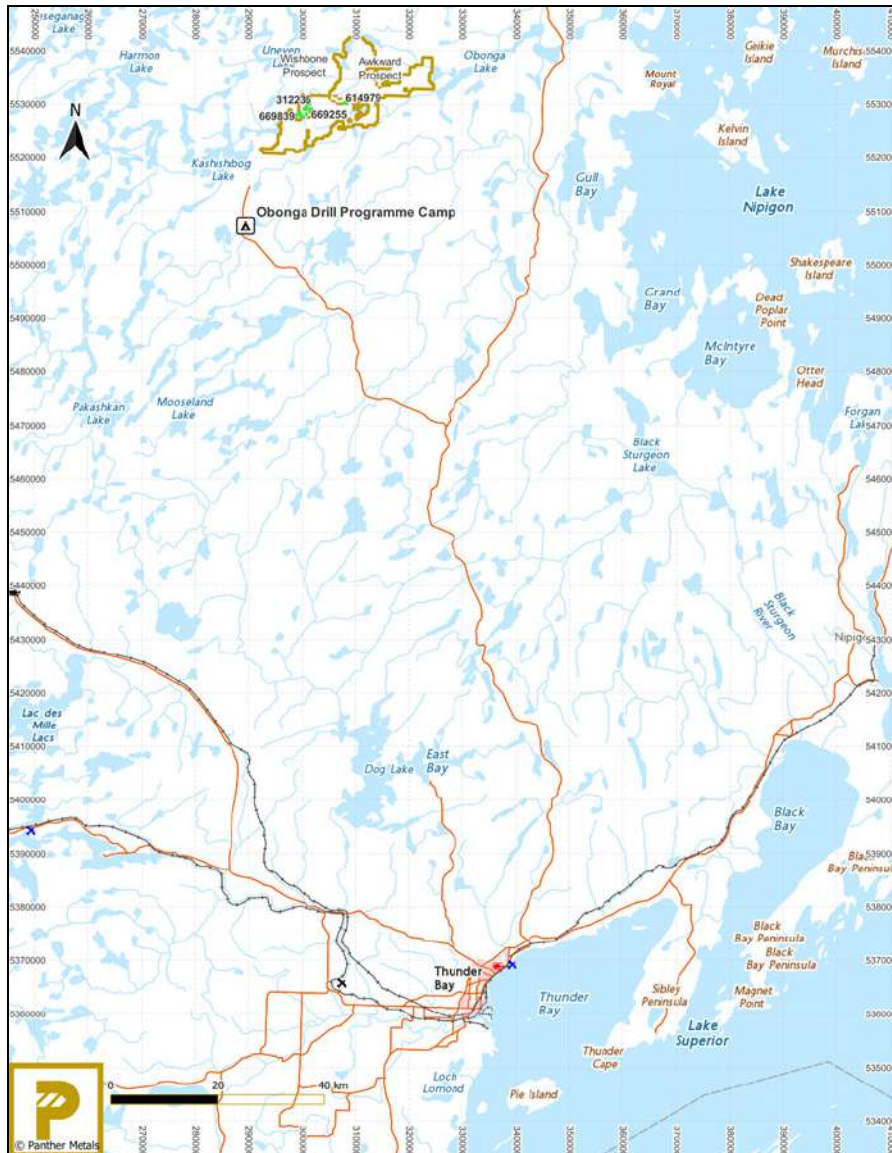
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They are predominantly stratiform accumulations of sulfide minerals that precipitate from hydrothermal fluids on or below the seafloor in a wide range of ancient and modern geological settings. In modern oceans they are synonymous with sulfurous plumes, called black smokers.

They represent a significant source of the world's copper, zinc, lead, gold and silver ores, with cobalt, tin, barium, sulfur, selenium, manganese, cadmium, indium, bismuth, tellurium, gallium and germanium as co- or by-products.

The Obonga Project

This project consists of a series of targets in the Obonga Greenstone Belt, approximately 80km north of the Lac Des Iles Mine and 160km north of Thunder Bay in the Province of Ontario Canada.



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Obonga – the Background

Panther Metals bought into the Obonga Greenstone Belt in mid-2021. This position has been accumulated over several years through direct staking, the acquisition of the territory held by Broken Rock Resources Ltd and extra multicell mining claims it acquired in late 2022.

There are five identified prospective targets: Wishbone, Awkward, Survey, OttERTOOTH and Silver Rim.

The Deals

In early August of 2021, Panther Metals signed an option agreement with Broken Rock giving it the right to acquire 100% ownership in the Obonga Lake Greenstone and the opportunity to acquire six exploration properties and two permitted drill-ready properties at Awkward (Ni-Cu-PGE) and Wishbone (VMS) over an area covering 251 km².

The acquisition agreement for the 80 claims held by Broken Rock, together with associated exploration data and permits, required Panther Metals to deliver combined cash and stock consideration together with a right to an additional deferred consideration and a net smelter return (NSR) royalty.

Consideration for the transaction with Broken Rock consisted of CAD\$50,000 in cash, 228,925 ordinary shares and the right to receive deferred consideration comprising four tranches of CAD\$30,000 in cash each payable within 30 days of the annual anniversary of the acquisition agreement, followed by a final payment of CAD\$250,000 in cash payable within 30 days of the fifth anniversary of the date of the acquisition agreement. Panther Metals also awarded 500,000 share options with an exercise price of 13p per ordinary shares and a life of five years.

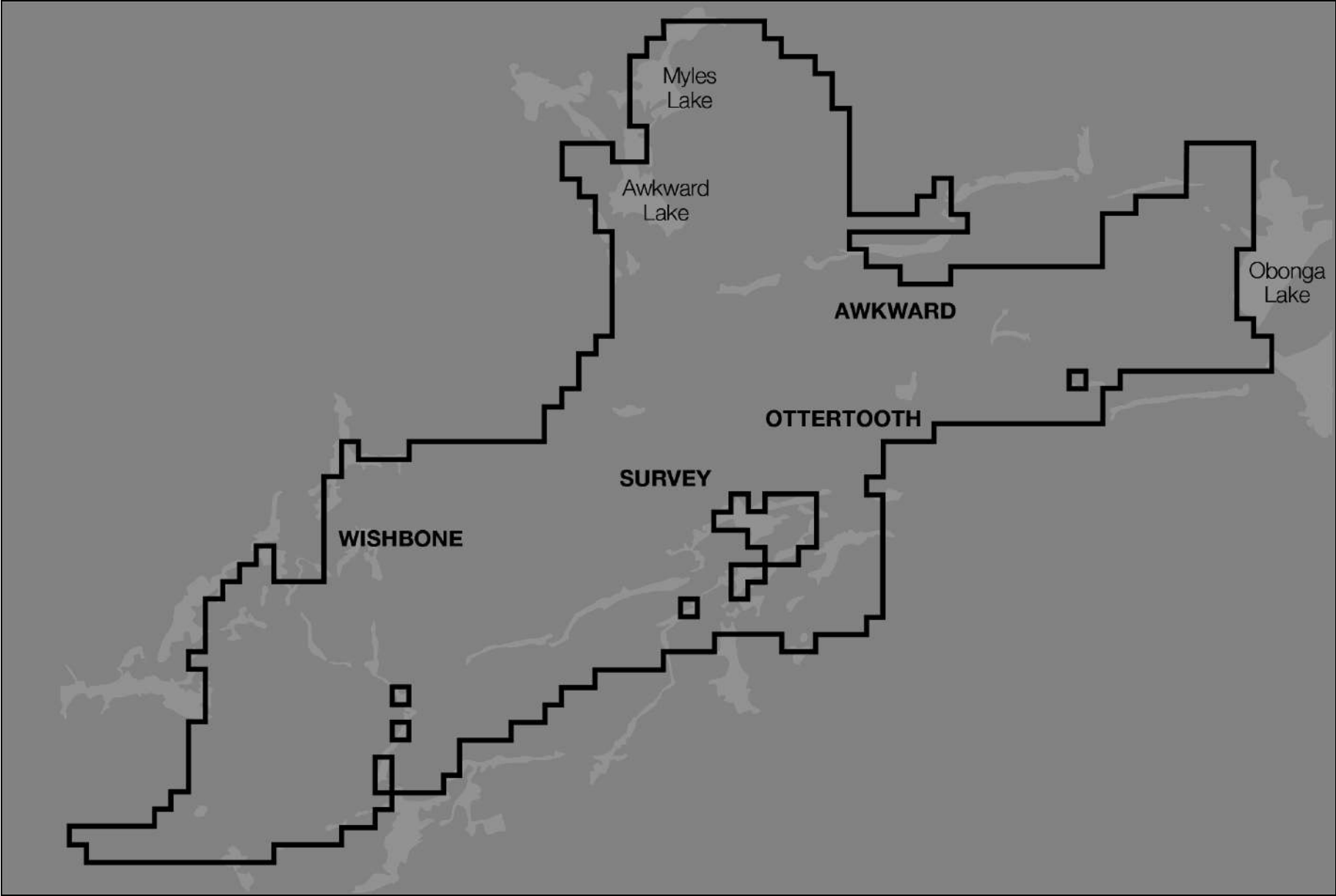
There is also a 1.5% NSR royalty (which has provision for Panther to reduce the royalty to 1% NSR through a CAD\$3mn buy-back).

In addition, Panther made an exploration commitment of drilling and associated exploration works on the 1,084 claims it had previously staked directly on the Obonga Greenstone Belt.

In late November of 2022, the company entered into a purchase option to acquire the rights over four additional multicell mining claims covering a total area of 7.7 km². Then in May 2023 the company acquired 171 additional mining claims, contiguous to the Obonga Project, on the northwest corner of the Obonga greenstone belt.

Access

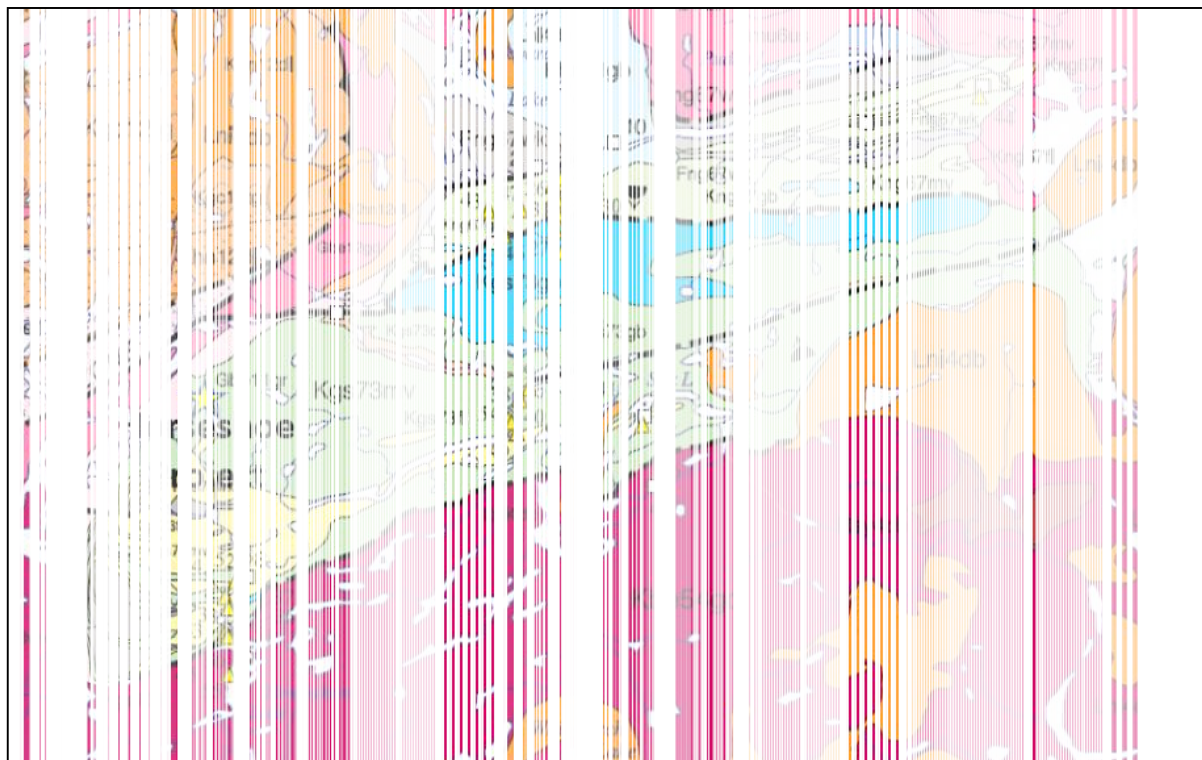
As with most virgin territory in Canada the access to the project is not easy. Thus, access to all the work areas currently being explored is via chartered helicopter. With work undertaken so far, the helicopter, drill crew and logistical team were accommodated in a trailer basecamp located near to the set down area proximal near the head of Route 811. This basecamp location (shown on the map on the preceding page) is 24.5 km due SSW of the Wishbone drill site.



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Geology

The project covers the Obonga Greenstone Belt which consists of a 32-km long by up to 9-km wide, broadly east-west striking, tract of Archean age metamorphosed volcanic, sedimentary and intrusive rocks in the Wabigoon Subprovince.



In the map above Horseshoe (since renamed Wishbone) is shown.

The structure is regarded as highly-prospective for the formation of orogenic shear-hosted gold deposits, VMS copper-lead-zinc-silver deposits, komatiite/ultramafic associated nickel-copper-PGM deposits and porphyry style base metal mineralisation.

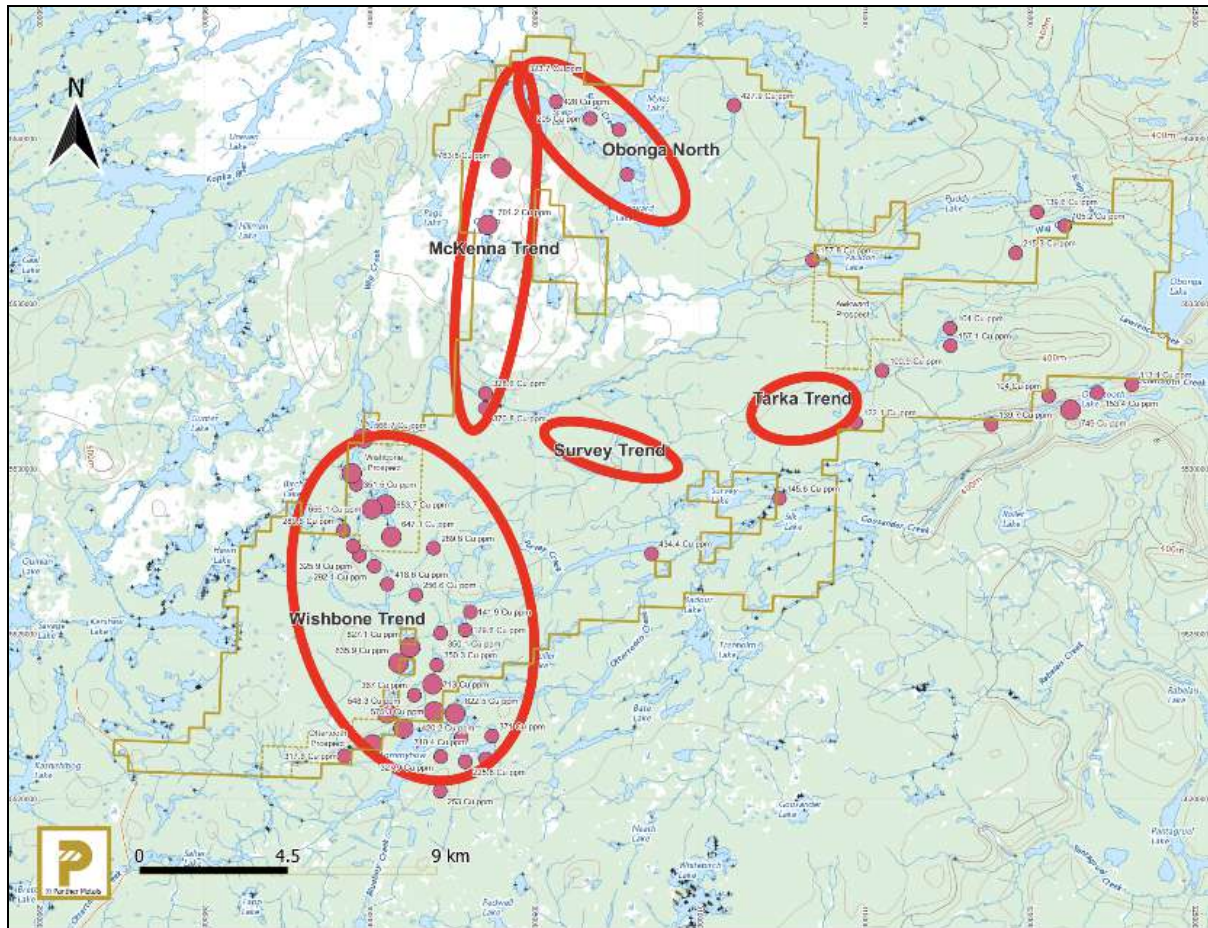
The Wishbone and Survey prospect is underlain by Archean supracrustal volcanics which comprise massive to pillowed basalt and andesite overlain by predominantly dacitic lithologies with localised rhyolitic units. Both the Wishbone and Survey prospects coincide with distinct and coincident magnetic geophysics anomalies.

Strategy

The Wishbone and Survey prospects are targeting base & precious metals: Copper, Lead, Zinc and Silver and Gold, in the west and centre of the Obonga Project area. Meanwhile it is hunting for intrusive-related Nickel and PGEs and Graphite in the east of the project area at the Awkward prospect.

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The map that follows shows the perceived trends on the Obonga project.



The Wishbone Target

At Wishbone drilling in the 1970s intersected massive stringer and disseminated sulphide 800m north of the Wishbone anomaly and drilling by BHP in the 1990s intersected massive stringer and disseminated sulphide 600m south of the anomaly.

BHP ranked the Wishbone anomaly a high priority for follow up in 1992, however no further work was completed until 2021. Airborne geophysics datasets compiled since that time have shown that the historical drilling failed to intersect the major anomalies.

Wishbone is situated in a similar geological environment to the nearby Sturgeon Lake area, and its Mattabi VMS mining camp, on the Wabigoon Greenstone Belt, approximately 75km due west. The Sturgeon Lake/Mattabi area hosted five commercially viable VMS mining operations that was in production from the early 1970's into the 1990's. The Mattabi mine, being the most prolific, reportedly produced 13.5mn tonnes of ore with an average grade 7.5% Zn, 0.88% Cu, 0.77% Pb and 3.10 oz/t (96.42g/t) Ag in the period 1970-1983. It was reportedly discovered through the drilling of airborne

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geophysics anomalies.

Exploration at Wishbone

A Phase 1 drilling campaign at Wishbone in the Autumn of 2021 revealed the presence of significant VMS-style mineralised systems on the property - the first such discovery across the entire greenstone belt.

A previous two-hole 600m drilling program in Autumn of 2021 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.

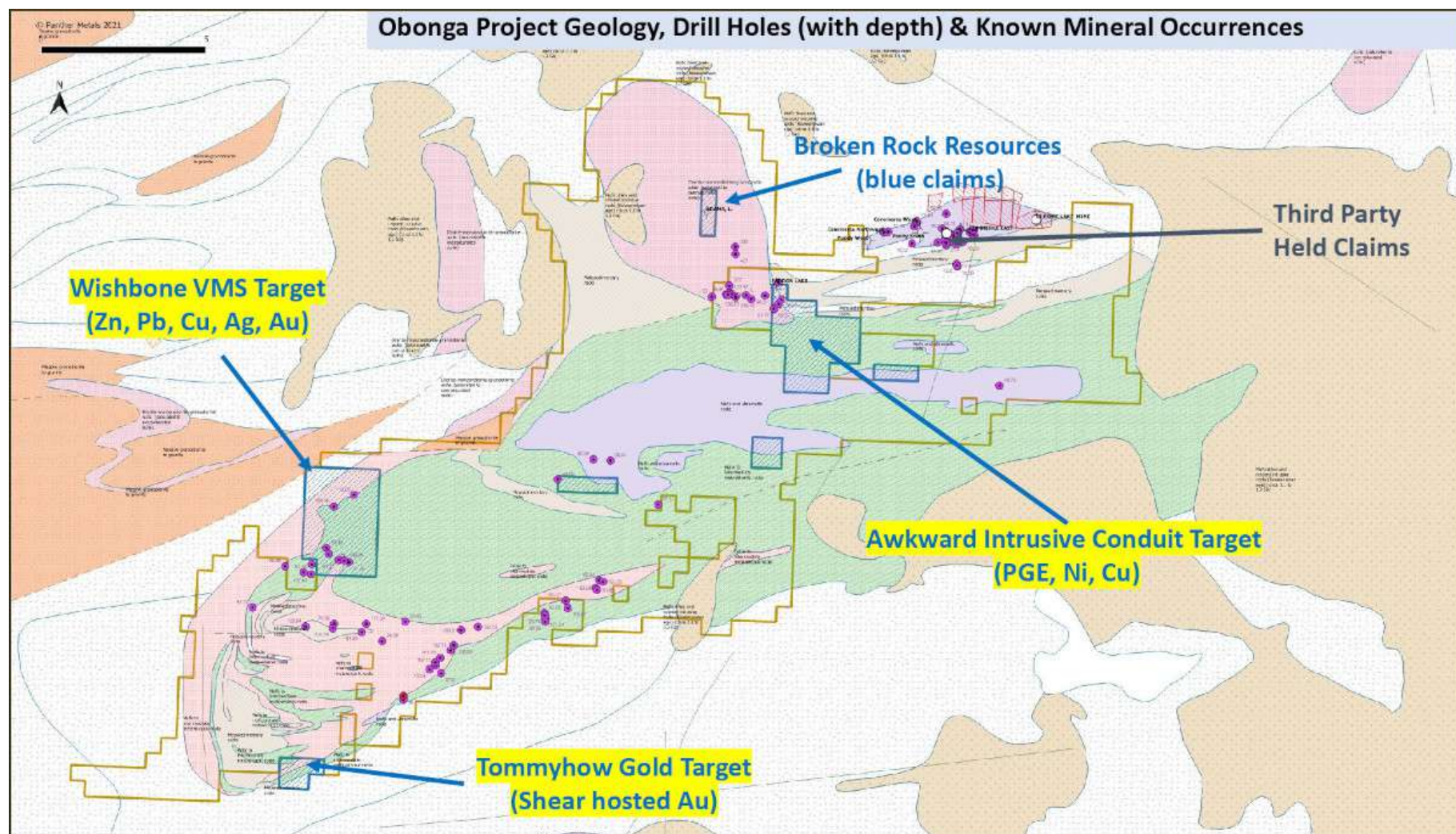
Wide massive sulphide and semi-massive sulphide mineralisation intersections were made in both drill holes:

- WB001: Three wide sulphide intersections:
 - 27.3m of massive sulphide from 106.2m (Upper layer), with fault at base
 - 2.5m of massive sulphide from 234.8m (Mid layer)
 - 1.4m of massive sulphide from 256.6m (Lower layer)
- WB002: Wide zoned sulphide intersection:
 - 51m from 174m comprising a wide zone of sulphide dominated mineralisation, including:
 - 17m from 180m of massive sulphide (Upper zone)
 - 7m from 218m of semi-massive sulphide (Lower zone)

Both drill holes contained multiple lenses. Anomalous high-grade copper in lake sediment close to the target area has also been identified, increasing confidence in the prospectivity of the location. In the team's opinion, these holes confirmed Wishbone as a VMS base metals target.

The latest campaign, in late October of 2022 sought to follow-up on the massive sulphide intersections as well as to test the coincident magnetic and electromagnetic conductor geophysical anomalies identified by regional airborne surveys at the Awkward and Survey targets.

The helicopter-supported, 1,500m nine-hole diamond core, drilling program was undertaken by and on behalf of Broken Rock Resources Ltd and Panther Metals (Canada) Ltd at the Wishbone Prospect, the Awkward Prospect and Survey Lake Prospect.



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

The campaign consisted of five drill holes totaling 1,002m at Wishbone, three holes for a total of 243m at Survey and one hole of 255m at Survey. In addition, helicopter landing zones and waterlines were prepared for a further three drill pads, before snow brought the program to an early finish.



In the 2022 drill program, three of the five diamond core holes drilled intersected massive or semi-massive sulphides, and a zone of zinc mineralisation:

- Hole BBR22 WB-P1-2: Potentially commercial grades of zinc mineralisation:
 - 3.6m @ 3.9% Zn from 120m, including
 - 2m @ 6.8% Zn, 4.3 g/t Ag and anomalous 0.19% Cu from 120m, with
 - 0.5m @ 11.65% Zn, 4.1 g/t Ag and anomalous 0.14% Cu from 120.2m.
- Hole BBR22 WB-P2-1: Further wide zones of massive and semi-massive sulphide mineralisation intersected, interpreted to be related to the high temperature pyrrhotite dominant core of the

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VMS system:

- 22.4m of massive and semi-massive sulphide from 127m downhole.
- Hole BBR22 WB-P3-1 :
 - 3.8m of semi-massive sulphide from 163.2m downhole.

Survey Prospect

The Survey Prospect measures around 3 kms by 500 metres and is an anomalous magnetic and electromagnetic geophysics target, adjacent to the geological contact between intrusive mafic rocks and extrusive mafic rocks. A historical report shows a single shallow, 23.5m deep drill hole in the vicinity (but not on the main target) intersected several metres of massive sulphide, but assay results were not documented and the results were not followed-up.

The results of the recent single 255m drillhole at Survey, undertaken by Panther, were:

- Hole BBR22 SV-P1-1
 - 29m of semi-massive and disseminated sulphide from 166m downhole, including:
 - Anomalous zone of zinc mineralisation 15m @ 0.11 % Zn from 168m including 4m @ 0.17% Zn from 168m, with coincident levels of anomalous silver over the same interval.

The company has commented that anomalous zinc drill intersections may provide physical vectors towards higher grade base metals. Therefore, in light of anomalous levels of zinc mineralisation, further footwall assay samples will be submitted for analysis.

Both coincident magnetic and electromagnetic geophysics targets are adjacent to the geological contact between intrusive mafic rocks and extrusive mafic rocks.

The drilling result and the geochemical signature of Survey Prospect assay data are deemed consistent with VMS style mineralisation and zonation.

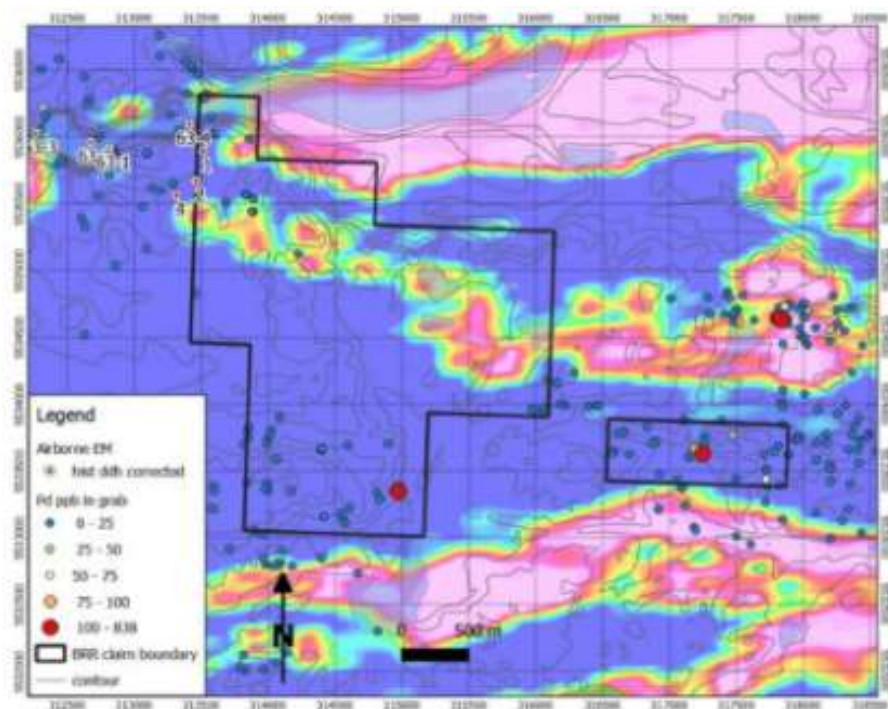
Also of note is that, copper in lake sediment data in the vicinity and downstream of the Wishbone VMS system is amongst the highest levels in the entire Province of Ontario, with up to 827 ppm Cu against a background level of less than 25 ppm Cu.

The Awkward Prospect

To say that this prospect is evocatively named is an understatement. Awkward presents a highly anomalous magnetic and EM geophysics target related to an interpreted layered mafic intrusion and associated magmatic conduit based on plate modelling of airborne geophysics data and geological mapping.

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Historic sampling has confirmed the presence of anomalous platinum (Pt) and palladium (Pd) values, while historical drilling on the periphery of the target reported copper and sulphide mineralisation, which was never assayed, in coarse gabbro and “marble cake” gabbro (matching the description of the Lac des Iles platinum-palladium mine varitexture gabbro ore zone, 80km to the south).



The observations on the drilling results were that:

- Hole BBR22 AW-P1-1: intersected a 22.4m wide intersection of graphitic metasediment from 8.4m downhole depth. As a precursor to complete hole sampling an initial 2.65m assayed interval from the wider graphitic zone, was submitted to ALS Laboratories for Total Graphitic Carbon analysis (by method C- IR18) in order to confirm the presence of crystalline ‘flake’ graphite as observed during core logging.
 - Assayed interval totals 2.65 m @ 4.02% Total Graphitic Carbon (TGC) from 21m, including 1m @ 5.12% TGC from 21m.
 - Graphite mineralisation is anticipated to be open above and below the sampled interval.

Whilst the three-hole drilling program in 2022 at Awkward did not intersect the targeted magmatic conduit, one hole outlined potentially significant intersections of near-surface crystalline ‘flake’ graphite.

Dotted Lake

In mid-July 2020, the company announced the acquisition of the Dotted Lake exploration property

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consisting of 39 cells which is located approximately 16km from Barrick Gold's renowned Hemlo Gold Mine.

The purchase was rather a bargain buy as Panther agreed to pay the vendors a total cash consideration of CAD\$20,000 for the 100% acquisition of the claims that make up the Dotted Lake exploration property. These claims are free of any underlying instruments or royalties.

The Geology

Dotted Lake sits upon 2.7 billion-year-old, Archaean-period rocks that form the north-eastern 'Dotted Lake Arm' of the Schreiber-Hemlo Greenstone Belt.

Geology consists sequences of foliated, fine grained, dark green, amphibole rich metavolcanic rocks situated within an east-northeast trending isoclinal syncline. The metavolcanics have been intruded by granitoid rocks of the Dotted Lake Batholith in the southeast of the property, whilst in the northeast an ultramafic intrusive complex flanks the two.

Exploration at Dotted Lake

Historic trenching results exist for the project. The historical trench TR-10-4, orientated broadly north-south, was constructed to investigate gold in soil anomalies (up to 0.484ppm Au) from earlier soil sampling in 2008. Limited channel sampling in the sheared section yielded two significant channel samples including 9.02g/t Au & 859ppm Zn over 0.40m and 1.14g/t Au over 1.00m. An additional 2010 prospecting sample from the area of Tr-10-4 reportedly returned 16.95 g/t Au & 7.7 g/t Ag. Panther chip sampling within Tr-10-4 verified the historical mineralised intervals returning 18.9g/t Au & 0.94 g/t Ag and 9.37g/t & 1.73 g/t Ag, with a further three of the samples returning low level anomalous gold within the immediate stripped area.

An extensive soil program conducted in 2021 identified numerous gold and base metal targets, all within the same geological footprint as Hemlo. Following the reopening of a historical trail providing direct access to the target location, an initial drilling program in the autumn of 2021 confirmed the presence of gold mineralisation within this system with anomalous gold continuing along strike and present within the surrounding area.

Panther's team formulated plans for reconnaissance diamond drilling, grid soil sampling, ground IP geophysics and trenching focused on testing intrusive contact shear-zone hosted gold mineralisation in the vicinity of the north shore of Dotted Lake.

In June 2021, the company contracted for a soil geochemistry sampling program over a 1.6 km by 0.85 km target area designed to build out and in-fill the westerly strike extensions of high-grade gold mineralisation intersected by historical trenching and Panther Metals' reconnaissance sampling (gold up to 18.9g/t Au) announced 5 November 2020. The soil survey provided important geochemical coverage of target structures outlined by Panther's airborne geophysical survey.

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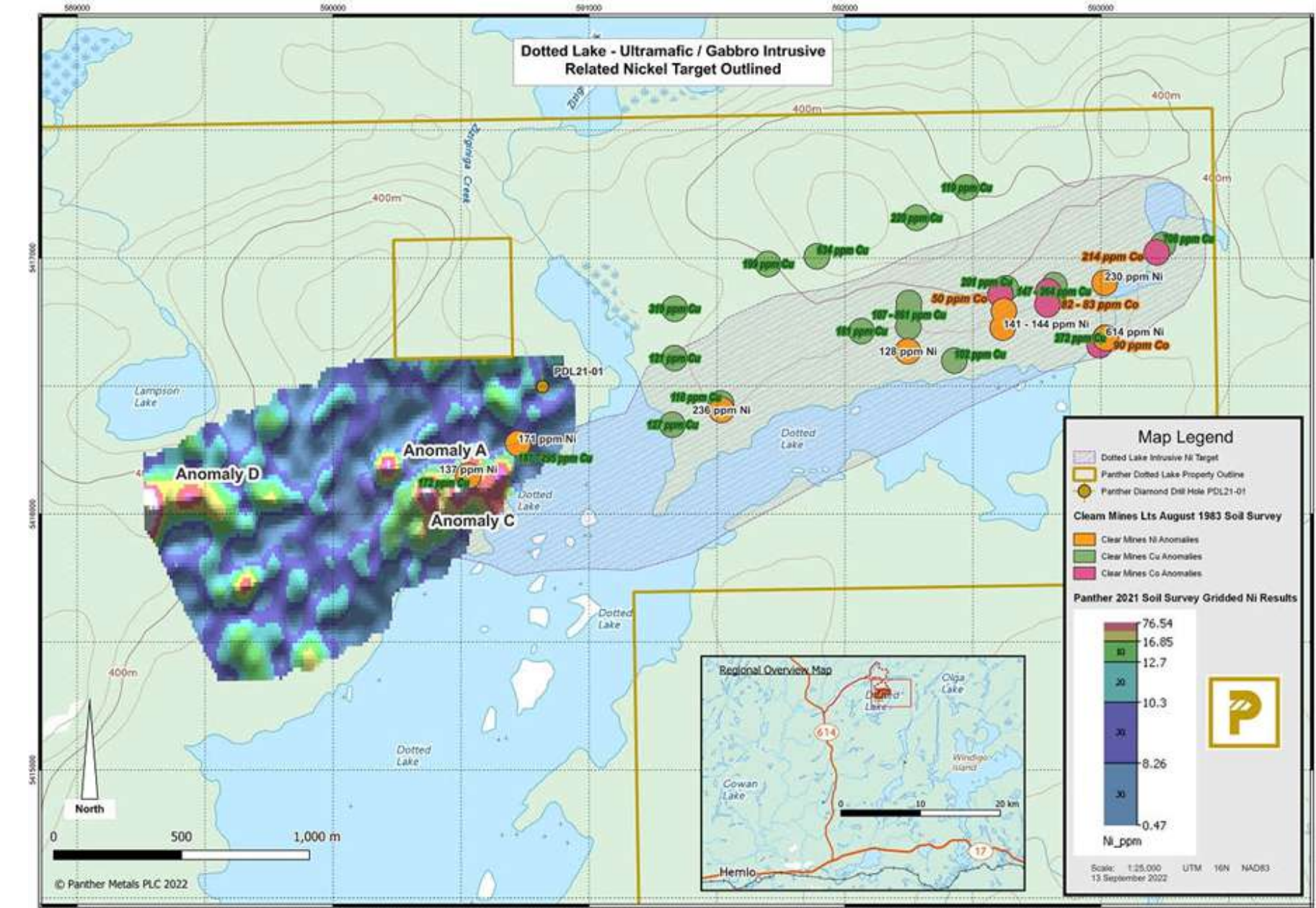
The Dotted Lake soil sampling survey results became available in early November 2021 with the 480-sample survey data delineating a 1.3km long shear-related gold anomaly striking westward from the site of the Dotted Lake drill hole. In addition, a further four distinct gold anomalies associated with interpreted intrusive contacts, or other structural features, were identified as well as a total 18 multi-element anomalies which may provide exploration vectors towards orogenic-style gold deposits.

The drilling consisted of a single 400m inclined hole (PD-DL21-01), orientated directly below the 147 m long, average 2m deep, historical trench (Tr-10-4) with the primary purpose of the drill hole being to investigate the stratigraphy in the vicinity of interpreted sheared felsic/ultramafic intrusive contacts, whilst testing for the vertical extensions of shear hosted gold mineralisation seen in the surface trenching.

In late January of 2022, the company released preliminary results from the first batch of core assay results from the Dotted Lake diamond core drill hole (PD-DL21-01) showing widely dispersed gold mineralisation within the first 172m assayed. In total eight separate intervals of gold mineralisation are noted with four separate gold bearing intervals above 1.0g/t Au intersected between 47m and 158m down hole depth:

- Four sample intervals > 1g/t Au:
 - ❖ 0.9m @ 1.73 g/t Au from 47.3m
 - ❖ 1m @ 1.05 g/t Au from 122.2m
 - ❖ 1m @ 1.59 g/t Au from 136.2m
 - ❖ 1m @ 1.04 g/t Au from 158.2m
- Eight Intersections >0.57g/t Au, including two 2m wide composites:
 - ❖ 2m @ 0.87 g/t Au from 122.2m (inc. 1m @ 1.05 g/t Au from 122.2m)
 - ❖ 2m @ 0.96 g/t Au from 158.2m (inc. 1m @ 1.04 g/t Au from 158.2m)

In the autumn of 2022, a compilation study incorporating Panther's airborne geophysics survey and geochemical soil sampling data with historical geochemical soil sampling data, identified a very prospective zone for nickel (Ni) mineralisation. The historical soil survey data was digitised from a report based on work undertaken by Clear Mines Ltd in August 1983. These study results showed a 2.8 km-long linear broadly east-west striking zone of elevated nickel in soil coinciding with the mapped ultramafic / gabbro intrusive unit and a distinct geophysical anomaly.



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The Clear Mines Survey consisted of 577 soil samples analysed for 27 elements, collected on a series of north-south lines directly to the east of the Panther 2021 soil survey area 2. Nickel is elevated across the prospect area defined by highs ranging 137 - 235 ppm Ni and peaking at 614ppm Ni in the eastern end. Other soil anomalies across the Ni Target include cobalt (Co) up to 214 ppm Co, copper (Cu) up to 861 ppm Cu.

The western end of the ultramafic intrusive is shown on government mapping to lie beneath the lake, however the geophysics survey and the Panther soil survey appears to show that the intrusive rocks likely extend further to the west and may underlie the soil survey Anomaly A and Anomaly C.

On Trend with Tyko?

It is worth noting that recent discoveries at the Tyko project of Palladium One (TSXV:PDM.V - now ~10% owned by Glencore) have been making waves.

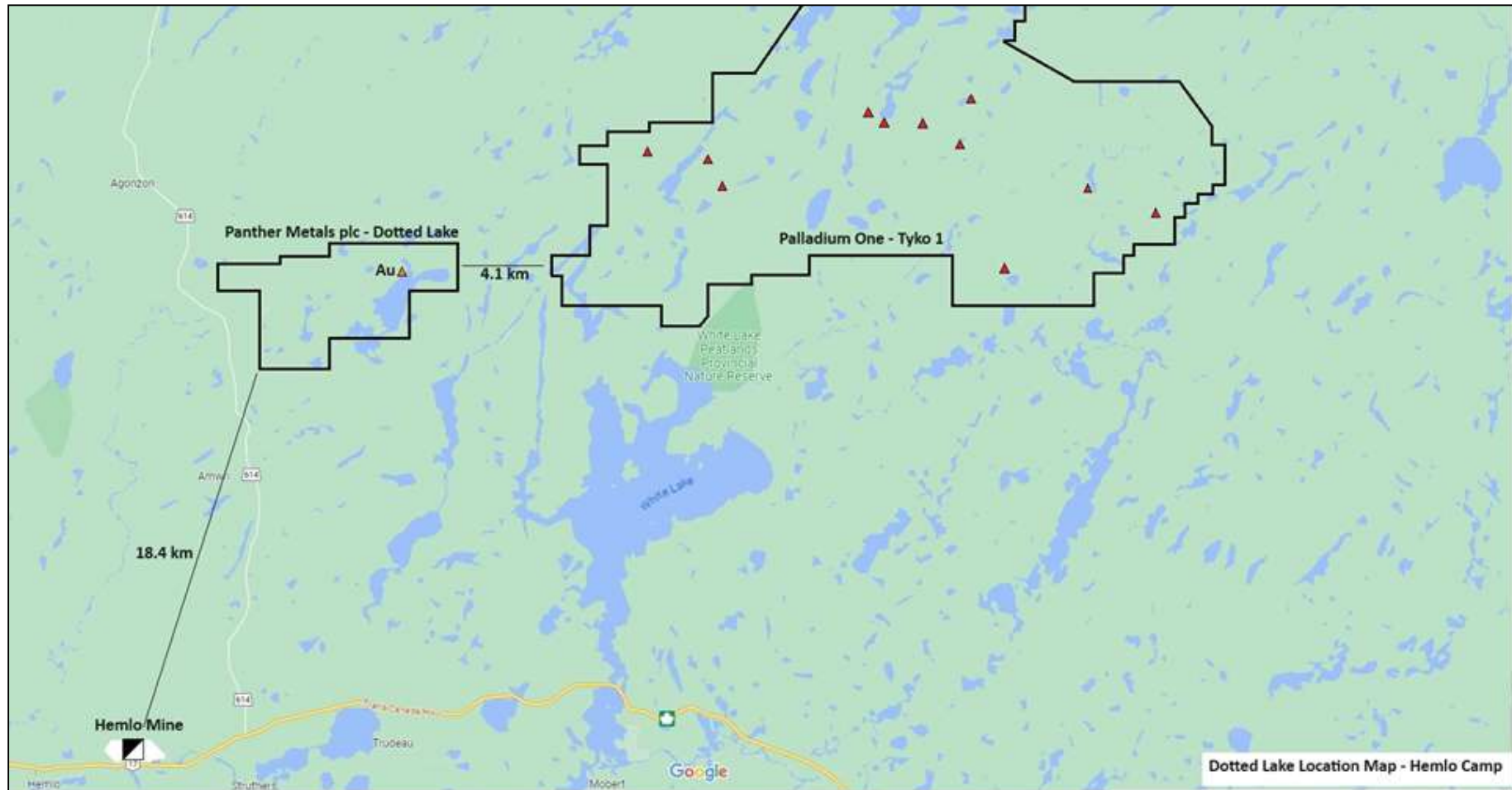
The map on the following page shows that the Tyko project is on trend with Panther's Dotted Lake project. The Nickel target that Panther is pursuing is located some 9 km west of a new zone of massive nickel-copper sulphide mineralisation drilled by Palladium One at their West Pickle Lake property which is an earn-in with First Class Metals (LSE:FCM).

The Smoke Lake Zone was discovered in 4Q20 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 totaling ~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
 - Incl. 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
 - Incl. 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

In September of 2022 Palladium One announced that, at its West Pickle Lake discovery, massive and semi-massive pentlandite-pyrrhotite-chalcopyrite sulphide mineralisation was noted and this was interpreted to be related to ultramafic chonolith feeder dykes, was intersected in two diamond drill holes.



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The Shear Zone of Manitou Lakes

The Shear Gold project brought Panther exposure to a third Ontario greenstone belt. In April 2022 the company 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 curiously interconnected license areas are shown on the map on the following page:

The Shear Gold Project covers a total area of about 98km² and is located within the gold endowed Kenora Mining District, some 300kms east of Thunder Bay and equidistant between the towns of Fort Frances and Dryden in north-western Ontario, Canada.

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

Exploration Work at Manitou Lakes

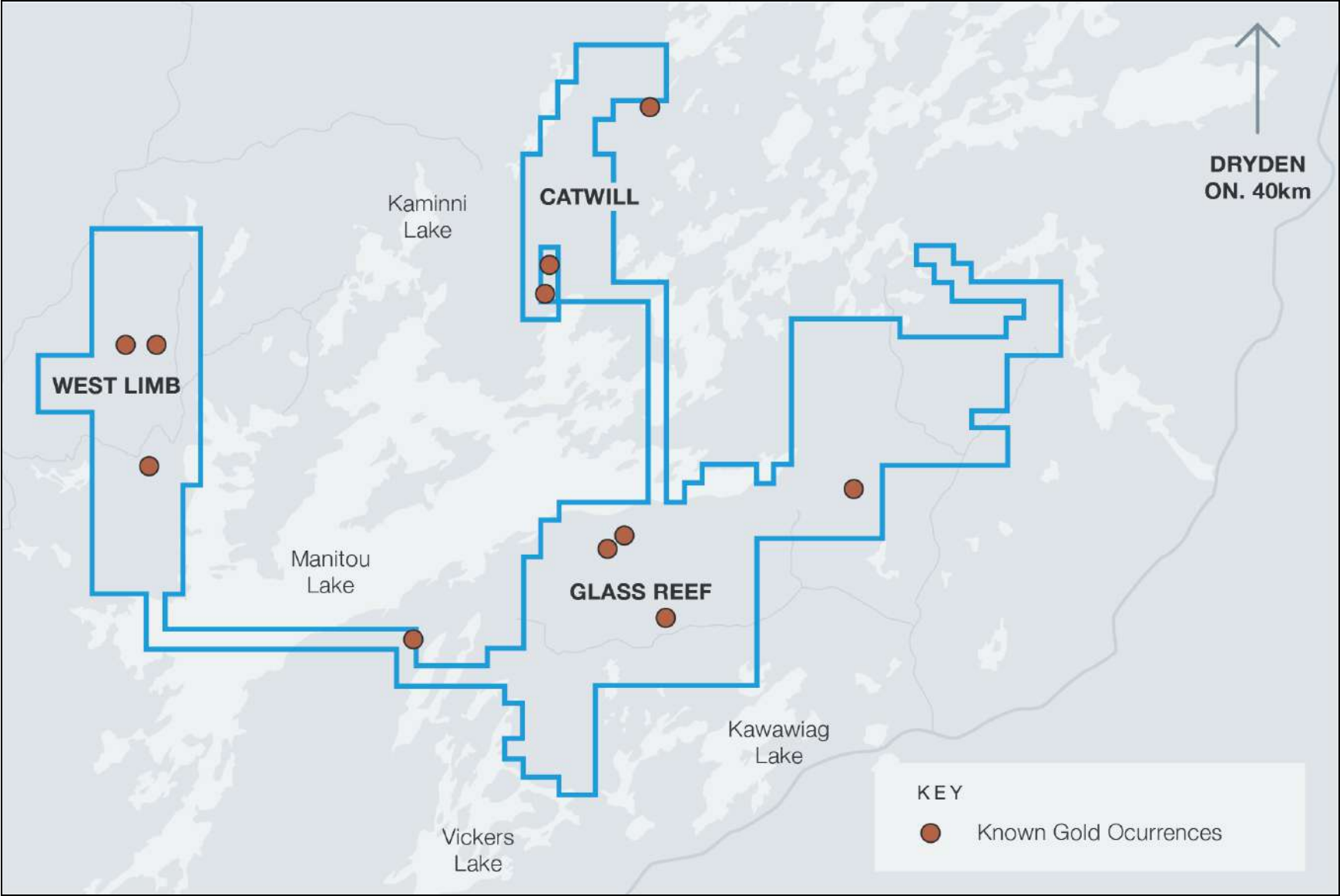
Exploration work conducted by Shear Gold to date identified numerous gold-bearing structures and favourable geological host rocks through early-stage mapping and surface sampling. The work has focused on two target areas, namely the West Limb Gold Property and the Glass Reef Gold Property, both of which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

In September of last year, the results of a maiden sampling campaign at Manitou Lakes were released. 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 of 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, which 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 mineralized 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.

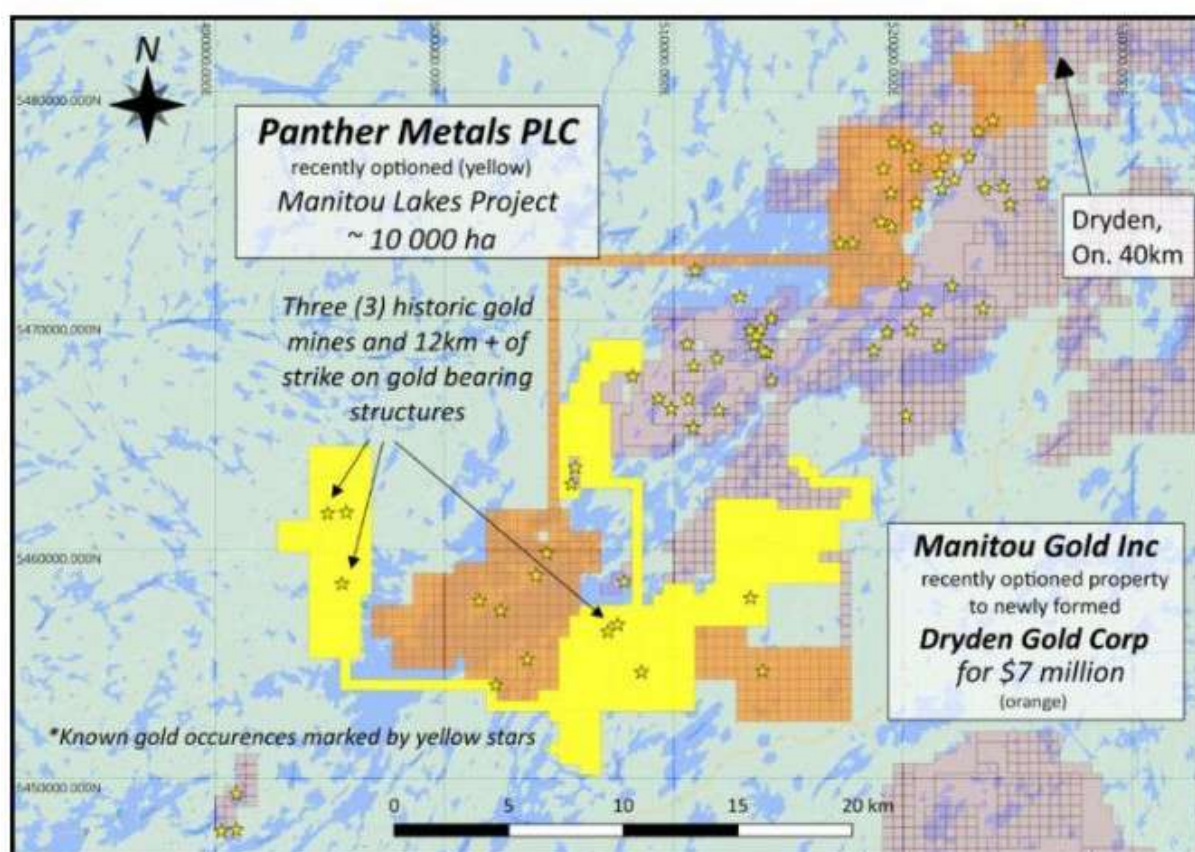
The soil survey results have effectively extended the area of interest for the planned IP (induced polarisation) geophysics survey work and future drill target planning which are the subject of current exploration permit applications.



Closeology

The sale of Kenwest, an immediately adjacent project, was announced in March of 2022 by Manitou Gold (TSX-V: MTU) for CAD\$7mn to the private company Dryden Gold. This attraction highlighted the value attributed to the Manitou exploration address.

The map that follows shows how the Kenwest asset sits vis-a-vis that of Panther.



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

That property covers five parallel shear structures.

Financing

At the end of August 2023, the company announced that it had raised in aggregate £200,000 (before expenses) via the issue of 17% unsecured convertible loan notes with 12 month' maturity and possible early conversion and warrants attached on a one-for-one basis with an exercise price of 5.5 pence each.

Directors participated in the subscription to the tune of £110,000 out of the £200,000. The main details

of the financing were:

- The conversion price of each Convertible Loan Note is 4.1 pence per ordinary share
- The Loan Notes are convertible, at the option of the company, into such number of ordinary shares as is the product of dividing the amount of an individual holder's Convertible Loan Notes and accrued interest by 4.1 pence
- There are attached warrants on a one-for-one basis at an exercise price of 5.5 pence each
- The Convertible Loan Notes will be unlisted

Previously, in 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.

While the Fulcrum stock is escrowed, it cannot be monetized, but at least the company had a payday with the receipt of the £200,000 payment upon listing back in February of 2023.

Added Leverage with Fulcrum

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 was heading towards an initial public offering (IPO) on the AIM section of the London Stock Exchange.

There were some delays in Fulcrum's IPO which was originally planned for October 2022. This finally took place in the first quarter of 2023 with the ticker being FMET.

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

Panther also holds two series of warrants into Fulcrum ordinary shares:

- 714,286 at a strike price of 17.5p, until February 2025
- 476190 at a strike price of 26.5p, until February 2026

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

The Asset Base of 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.



Panther Downunder

When PALM first transitioned to a mining company on the LSE (it had formally been in palm oil, hence the ticker), it consisted of a widely dispersed portfolio of both Canadian and Australian assets. It quickly became apparent that Australia was the tail that wagged the dog, while many London investors could not get their minds around the far-flung empire. There was a Canadian discount for Australian-oriented players and vice versa.

Panther Metals is an ASX-listed explorer, which holds 100% ownership over six projects targeting gold, nickel and cobalt located in Western Australia and the Northern Territory. The projects comprise two gold and two nickel projects in Western Australia and two gold projects in Northern Territory. It holds a total of nine granted exploration licences covering 462.6km² and six exploration licence applications

covering 208km² covering the Laverton Greenstone Belt in Western Australia) focused on nickel, cobalt and gold.

Its strategy is to capitalise on its recent nickel-cobalt and gold exploration results in respected and prospective mining districts of Laverton, WA and in the NT. The company's non-executive chairman is Kerim Sener, with whom we have worked in the past on projects in Turkey.

To counter the negative impact, on the UK-listed entity, of the geographically diverse portfolio, Panther Australia was spun off on the ASX, but unfortunately kept almost exactly the same name, though the ticker, PNT, was somewhat of a differentiator. Panther Australia, as we shall call it, has now had several years of freedom behind it.



The Underlying Value of the Equity Holdings

It's early days in the listed life of Fulcrum, debuting as it did amid a period of relative torpor for precious metals stories. We shall have to wait a while to see what valuation the market attributes to it once investors return to their desks and it starts reporting on its latest exploration efforts. Whatever the market capitalization 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 AUD\$1.52mn on a mark to market basis for the former UK parent.

Embedded Value

With the structure of Panther being what it is, a “sum of the parts” approach could also be useful in pointing out the embedded value that is not being factored in by the market.

Panther Metals - High-Level Sum of Parts				
GBP				
Cash (at end of March)				26,000
Proceeds of recent Convertible note				200,000
Equity Holdings		Price		
Panther Australia				
AUD	20,000,001	0.068		
GBP				693,600
Fulcrum Metals	9,971,839	0.1605		1,600,480
Warrants		Strike		
Fulcrum Metals	714286	17.5p		n/a
	476190	26.5p		n/a
Big Bear 2% NSR				n/a
Less debt				(110,000)
Recent Convertible note				(200,000)
Rough Total				<u>2,410,080</u>
Current Market Cap.				3,527,236
Implied Value of Ontario Projects				1,117,156

Board & Management

Nick O'Reilly, non-executive Chairman, is 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 Competent Person under JORC Code and AIM rules.

Darren Hazelwood, Chief Executive Officer, is a highly experienced private sector business leader, focused on value accretion within rapidly growing natural resources companies. As an experienced investor in the natural resources space he brings with him an extensive network in the investment community both at a private and institutional level.

Mitchell Smith, COO, is a C-level executive of Global Energy Metals Corp., a TSXV listed company in Canada and Director of the Battery Metals Association of Canada. He is a business development professional with experience developing and executing on corporate strategies, marketing relationships in the natural resource sector.

Kate Asling, a non-executive director, is a Fellow Member of the Association of Chartered Certified Accountants. She began her career as an auditor of SMEs before transitioning into Corporate Finance in 2006. Since then she has worked on over 30 transactions as reporting accountant or as a due diligence provider across a number of different sectors including natural resources.

Simon Rothschild, a non-executive director, has been active for over 30 years in financial public and investor relations. He currently heads Capital Market Consultants and is also a non-executive director of Rothschild Diamonds Limited and Quartz Investment Management Limited. His experience spans both financial reporting for clients listed on AIM and the Full List of the London Stock Exchange, as well as support for Initial Public Offers, company reconstructions and acquisitions in natural resources.

Risks

The risks for Panther Metals might be summarised as:

- Base metals & Gold price risk
- Exploration risk is a perennial in mining
- Financing Risk

While Panther has moved away from gold as its principal focus, the main underpinning of its valuation at this time is the stakes in two other listed companies that are primarily gold-focused so there is the yellow metal in the background as a driver for Panther Metals, as well. Gold's price over the last 12 months has largely fluttered around the \$1,800-\$1,900 level, occasionally breaking to the upside. We do not, however, see a context where there would be a major retreat in gold.

Other base metals are currently also in a swoon with Zinc, in particular, having been beaten back from the \$1.60 per lb level to a recent low of around \$1 (from which it has recovered somewhat). The supply dynamics of Zinc remain very promising, pricewise, with little in the way of pipeline of new projects.

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.

Financing conditions rise and fall with sentiment towards gold... and with other dynamics. The last year has been a deterioration on the financing front for junior explorers. The market has not been very forthcoming in supporting placings and other financings for precious metals due to competition from other resurgent metals (e.g. Copper or battery metals).

Producers are definitely favoured in the mining space at the current time.

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 now has large strategic stakes in two listed explorers (one on AIM and one on the ASX) 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 metals prices and sentiment towards exploration plays reinforcing these factors.

The back of the envelope Sum of the Parts at Panther shows that the Ontario prospects are being severely undervalued as the company has shown repeatedly that it can build value both by exploration and by nifty corporate actions.

Therefore, we are initiating Panther Metals with a **LONG** rating with a 12-month target price of GBP 12.5 pence.

Monday, September 25, 2023



Important disclosures

I, Christopher Ecclestone, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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