

21 August 2018

Panthera Resources Plc

(“Panthera” or “the Company”)

Bhukia Prospecting Licence Application Update

Panthera Resources PLC (AIM: PAT), the gold exploration and development company with assets in India and West Africa, has been advised by the Government of Rajasthan (GoR) that the Prospecting Licence Application (PLA) made on behalf of the Bhukia JV, by its joint venture partner Metal Mines India Pvt Ltd., has been rejected.

GoR Finally Responds to the January 2018 High Court Order:

The Notification is in response to an Order issued by the High Court of Rajasthan (Court) dated 22nd January 2018, where the Court directed the GoR to take a final decision on the pending PLA, preferably within 3 months from the date of the Order and gave the JV liberty to file with fresh cause of action, in case it was aggrieved by the decision of the Government.

Reasons Cited for Rejection:

The GoR has rejected the PL Application for the following spurious reasons:

1. It considers the Reconnaissance Permit (RP) it granted to MMI to be Null and Void because the application was filed in the name of Metal Mining India Limited and following a change of name the RP was granted to Metal Mining India Private Limited. Hence different companies – therefore the RP grant was invalid.
2. The change of name constituted a transfer of the asset and there was no provision of transfer of an RP under Mineral Concession Rules, 1960 (**MCR 1960**).
3. When the RP application was filed a 38.793 sq.km area was reserved for the Geological Survey of India (GSI) and 17.84 sq.km was overlapping with a Hindustan Zinc Limited (**HZL**) granted PL.
4. On the date of filing the RP was restricted for grant because there was a restriction in place for grant in Tribal Areas pursuant to a Government Order dated 05.09.2000.
5. The area was reserved in favour of GSI from 27.09.2009 where GSI carried out work till 2015 and defined a resource. GSI has expressed intentions to carry out G-2 level exploration in the area hence this area cannot be granted for PL.

Company Action to be Taken:

The permitting process for Bhukia has been long and protracted, with successful legal intervention required on numerous occasions to protect the Company shareholder’s rights and advance the project. Accordingly, the JV has built an exceedingly strong base from which to launch a legal challenge to this latest attempt by the GoR to deny its rights.

The Board have taken detailed legal advice from multiple highly respected, industry leading, law firms and are moving immediately to file a Writ Petition with the High Court of Rajasthan pursuant to the protections granted by its January 22nd Order. The Board are highly confident that it will secure the Stay Orders required to completely protect the JV’s rights over the entire area of the former RP, which will then put it in a strong negotiating position regarding the grant of the PL.

It is a well documented fact that the JV has met all the necessary criteria for the grant of a PL and it is now a requirement under the laws of India for the GoR and the Government of India to grant it. The Board anticipate full Stay Order protection within 10 weeks, with a possibility that the Court will grant an Interim Stay Order within the next month.

In addition to the legal proceedings, the Company will also start a dialogue with the Government of India given the concerns surrounding how the GoR has conducted itself in contradiction to the country's legal framework and their own previous communications.

Geoff Stanley, Panthera Resources Managing Director, commented;

"I am immensely disappointed that, after working under a valid RP for three years and defining a resource, after 10 years of work on this permit, after having negotiated with the GoR an agreed plan for its grant, and after almost a year of positive feedback from the Principal Secretary of Mines, that the GoR has used all of the same issues that have been addressed and settled repeatedly at various times in the past as reasons to reject the PL application. The intention, motives and timing of the actions of the GoR are highly questionable, as they allowed the JV to work in the area under a RP, spend significant resources to identify a JORC compliant resource and now after all these years are yet again attempting to deny the JV its legal rights.

The points raised by the GoR contradict their own recorded positions taken at various times and are against the principles of Indian Corporate law and against the principles of the amended Mining Act, which provides for seamless transfer from Reconnaissance to Prospecting to Mining. This also goes to the heart of the nation's foreign investment policies and the Prime Minister's vision to 'Make in India'

Panthera intends to move rapidly to further protect the JV's rights in the Courts of India, and will also be investigating recourse through bilateral treaties that exist between the UK and India and Australia and India"

It is clear the Government of Rajasthan is errant in rejecting MMI's application. Some comments Panthera would make regarding the points 1. – 5. above are as follows:

1. Following an application by MMI to change its name, the Registrar of Delhi, NCT of Delhi and Haryana issued a letter dated 6-1-2004 which approved the change from 'Metal Mining India Limited' to 'Metal Mining India Private Limited'. Thereafter, on 12-2-2004 the Registrar of Companies issued a fresh certificate of incorporation. The change in the name of the Company was in accordance with the provisions of the Companies Act, 1956 and with approval from the Government of India. The GoR was informed and accepted the name change in 2005.
2. The change of name of a company does not affect any rights or obligations of the company. Section 23 of the Companies Act, 1956 is unequivocal on that matter. It remains the same legal entity before and after the name change. Before and after the name change it had the same corporate details, the same directors and same shareholders. There was no transfer of ownership.
3. HZL's PL was granted for 5 years from 18-6-1998 to 17-6-2003, and the reconnaissance permit of the Company was applied on 27-9-2003 i.e. after the prospecting licence of HZL over the subject area expired.

For a variety of reasons the GSI had no rights over the RP areas when they were granted. Under the guise of departmental exploration, the area was handed over against the mandate of law to GSI. It is further pertinent to mention that under the proviso to rule 75 of the MCR 1960 any such notification of departmental use shall lapse on the expiry of the period of notification in case the State Government fails to undertake prospecting or mining operations during the period of the notification. Since GoR did not carry out any exploration as such the notification stood lapsed as far back as on 26-9-2004.

4. The judgment of the Hon'ble Supreme Court of India passed in Samatha versus State of Andhra Pradesh, prohibiting transfers of land in Scheduled Areas in favour of non-tribals did not apply to the State of Rajasthan. The GoR letters dated 5-9-2000; 12-9-2000; and 18-12-2000 which expressed an intent to restrict the grant of new mining leases or quarry licences do not have a force of regulation as envisaged under the Fifth Schedule of the Constitution of India. Read together, the letters only indicate that GoR was considering the issue and for the time being was not issuing new mining leases or quarry licence in tribal areas. There was no restriction on the grant of Reconnaissance Permits, and as a result GoR declared the area as free, invited Applications and on receipt of approval from GoI (on 19-7-2004) granted the RP to MMI (on 3-9-2004) and executed the RP Deed (on 19-1-2005).

5. The GoR is in contempt of the interim Orders passed by the Hon'ble High Court of Rajasthan at Jodhpur in Civil Writ Petitions Nos. 1864/2008; 1481/2008; 9174/2012 & 9175/2012 by allowing GSI to conduct survey and exploration during the currency of the interim orders without any authority. Those orders prevented third party rights being granted on any part of MMI's previously granted RP areas.

Enquiries

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Technical Information

The technical information contained in this disclosure has been read and approved by Antony Truelove (BSc (Hon), MAusIMM, MAIG), who is a qualified geologist and acts as the Competent Person under the AIM Rules - Note for Mining and Oil & Gas Companies. Antony Truelove has visited the Naton Project site and reviewed the drilling and sampling protocols and procedures. Antony Truelove is the COO of Panthera Resources PLC.