Growth Through Exploration

Annual Report
for the year ended 31 March 2019

Who we are
Panthera Resources PLC is an exploration and development group focussed on gold projects in India and West Africa and the optimisation of its other mineral properties.

The Company was incorporated in the United Kingdom in 2017. The Company’s shares are listed on the AIM market of the London Stock Exchange.

Vision
To build and grow the value of a portfolio of high quality, low cost gold mining assets in India and West Africa.

Our Strategy
Panthera intends to utilise the proven ability of its Board and management team to develop projects at all stages of the value chain to create a significant gold exploration and development group. The plan is to do so through exploring and developing its current and future gold resource projects.

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Panthera Resources PLC has successfully navigated its first full year as an AIM listed exploration and mining company, strengthened its balance sheet with an innovative non-dilutive transaction, significantly grown the value of its West African gold exploration portfolio and set a new course for a fruitful outcome to the protracted Prospecting Licence (“PL”) application process for its flagship Bhukia Joint Venture (“JV”) project in Rajasthan.

The Bhukia Joint Venture (“JV”) project in Rajasthan, India is targeted for a +6.0Moz resource drill-out

· A high value partnership has been established with Galactic Gold Mining Pvt Ltd (Galaxy) that is designed to align Indian capital with the success of the JV and bring increased Indian business and operational capabilities to advance Panthera’s Indian capabilities.
· A JORC-Inferred Mineral Resource of 1.74Moz exists, with a planned exploration programme that targets increasing this to over 6.0Moz.
· The JV’s Prospecting Licence Application (PLA) was rejected by the Government of Rajasthan (“GoR”) in August 2018 on various spurious grounds, forcing the JV to challenge the rejection order in court to protect its legal rights and the interests of its shareholders.
· The Hon’ble High Court of Rajasthan passed an interim Stay Order protecting the legal rights of the JV by restraining the Government of Rajasthan from granting third party rights within the entire area of the PLA. Court proceedings are ongoing and the JV is confident of getting a favourable judgment once all pleadings are complete.
· Following the Rajasthan State and Indian General Elections, the JV has reopened negotiations with the Government of Rajasthan towards the grant of the PL over the Bhukia Gold Project.
· The new National Mineral Policy 2019 declared by the Government of India, aims to revive the exploration and mining industry by bringing in necessary reforms to attract private part

High potential West Africa gold exploration portfolio with drill-ready targets

· The Company has acquired rights to the Labola gold project in southern Burkina Faso, West Africa. Historically, combined resources of over 600,000oz averaging about 1.2g/t Au were estimated and quoted by High River Gold / Nordgold under JORC and NI43-101 guidelines and Panthera’s priority exploration will focus on confirming and expanding these known zones of mineralisation.
· At the Naton JV project in southern Burkina Faso, West Africa the Company completed its first drill testing programme with encouraging results which demonstrated ore grade gold mineralisation on four out of five structures tested. Follow up geological mapping and geochemical sampling has further refined existing targets and identified further high tenor gold anomalies for drill testing.
· At the Kalaka JV project in southern Mali, West Africa, a new (replacement) tenement was granted to Panthera at the end of December 2018. The new title can be renewed for a period of up to 7 years and will enable systematic exploration of the targets generated by its technical team, including the potential extension identified by the Company’s geophysical survey of the known mineralisation at the K1A prospect.
· Geological mapping and sampling at the Bassala JV have identified an extensive and highly encouraging gold in soil anomaly that clearly requires drill testing. Further infill work is underway to aid drill targeting.

A US$1.25million funding package was negotiated

· A strategic alliance and staged financing partnership was agreed with Galaxy, an Indian company with a strategic objective to become a premier listed Indian gold mining and investment company.
· Tranche one of US$250,000 was drawn down in January 2019 and tranche two of US$250,000 was received in May 2019. The final tranche of US$750,000 is due prior to the successful grant of the Bhukia Gold Project PL.
Chairman’s statement

Dear Shareholder,

I am delighted to present the 2018-2019 Annual Report for Panthera Resources PLC. We have had a good year and have meaningfully advanced many of our key strategic and corporate objectives. We remain dedicated to creating a successful exploration and development Group and consistently enhancing value for stakeholders.

Strategic Vision

Panthera aims to create a mid-tier mining company by building a strong portfolio of high quality, low cost gold assets in India and West Africa.

In light of this vision, the Company has worked tirelessly to maintain mineral rights for the JV over the highly prospective Bhukia Gold Project in India together with our JV partner, the Indian private company Metal Mining India Pvt Ltd (MMI). Together we are actively pursuing our rights through the Rajasthan High Court. In addition, the Company has formed a strategic alliance to advance the project with Galaxy, an Indian company with international management with over 15 years’ experience in the gold exploration and mining industry in India. Furthermore, Panthera aims to explore and grow the value of its prospective West African gold portfolio. In its wider property portfolio, it will nurture and eventually harvest other non-core exploration and development assets.

In India, the GoR rejected the JV’s PLA over the Bhukia Gold Project, but Panthera remains extremely confident in its legal right over the PLA area by means of a Court Stay Order. The partnership with Galaxy has bought Indian capital to support the development of Bhukia and it also provides key corporate, bureaucratic, technical and administrative capabilities in India, which are necessary to advance the project.

The change of Government in the State of Rajasthan (State Elections, December 2018) and the General Elections (May 2019) necessitated a hiatus in negotiations with the Government. With elections behind us and with the support of Galaxy, negotiations have reopened with the new administration in Rajasthan and we are optimistic of soon arriving at an agreement that will see the grant of the PLA and allow exploration to recommence.

The long overdue New National Mineral Policy 2019 promises to address some of the major issues faced by the mining and exploration industry in India. While auctioning remains the preferred choice for granting tenements, the policies, if implemented, aim to attract private investment in exploration by providing seamless transition between tenements, allowing merger and acquisitions of mining entities and transfer of tenements.

The Company has also met with considerable success in West Africa. Work progressed on the three initial projects, these being the Nation project in southern Burkina Faso and the Kalaka and Bassalla projects in southern Mali. The Company has now expanded its footprint with the inclusion of the Labola project in southern Burkina Faso.

Corporate

A successful cooperation and funding agreement negotiated with Galaxy provides a total investment of US$1.25m, allowing Galaxy to purchase a 10% stake in Panthera’s India focussed subsidiary, Indo Gold, and to earn additional equity by providing ongoing support and services to advance the Bhukia Gold Project. An initial tranche of US$250,000 was received in January 2019, and a second tranche of US$250,000 was received in May 2019, completing the purchase of Galaxy’s first 5% holding in Indo Gold. The final tranche of US$750,000 is scheduled for payment prior to the successful grant of the Bhukia Gold Project PL.

Operations

India

The protracted PLA process continues in India. The rejection of the JV’s PLA over the Bhukia Gold Project (August 2018), forced the JV to seek legal recourses and approached the High Court of Rajasthan by means of a writ petition. The Hon’ble High Court passed an interim Stay Order in the JV’s favour, preventing the GoR from granting third party rights over the area applied for by the JV under the PLA. The indefinite Stay Order reaffirms the legal right of the Company and we are confident of securing a favourable judgement once all pleadings in court are complete and the matter is put up for final hearing. With the support of Galaxy, we have commenced a parallel path of negotiations with the newly elected government in Rajasthan. We are optimistic that the new Government will recognize the duplicitous stand taken by the previous government in respect to our application where our Court endorsed legal rights were completely disregarded. Initial engagement with the new government has been encouraging and discussions are ongoing with the objective of reaching an out of court settlement that will allow the JV to commence the resource drill-out.

Africa

Activities in West Africa have advanced well over the last year with the establishment of highly capable technical teams and the creation of 100% owned subsidiary operating companies in both Burkina Faso and Mali.

Initial drill testing at the Nation Project (Burkina Faso) returned positive results with successful upgrading of the Kapa Vein, Bido Vein and Somika East targets, with these all requiring additional drill testing to ascertain size potential.

The acquisition of the Labola project (Burkina Faso) gives Panthera an advanced, drill ready, property with a very large footprint over a gold system that demonstrates potential for a large, low grade deposit or series of deposits amenable to open pit mining. Substantial work is justified to more systematically define the limits of the system.

In Mali, geophysical work at the Kalaka Project has identified potential extensions to the known mineralisation at the K1A prospect. Recognition of similar mineralisation to the K1A style at the Southern Artisanal Prospect is encouraging. It is now considered a high priority target with potential for higher grade mineralisation than K1A, based on the higher tenor chargeability anomaly and structural considerations.

At the Bassalla Project (Mali) first phase mapping and geochemistry by Panthera has identified lateritic, alluvial, eluvial and some hard rock artisanal gold workings occurring in a large, roughly NNE trending zone over about 8km strike. Exploration work is continuing.

Outlook

The Company’s strategic approach of maintaining a vigorous exploration effort to leverage its exploration expertise is paying dividends, as our staged, systematic work has upgraded all three properties and facilitated the acquisition of a fourth advanced project in West Africa. Delays in India and muted capital market conditions for mineral exploration companies, necessitates a prudent follow-up of the exciting drill targets defined in West Africa than we might otherwise like. Nevertheless, with additional financing now secured, increasingly attractive exploration targets and ore grade intersections to follow up, the Board is confident that 2020 provides an opportunity for great success.

In India, the Board is confident that the Courts of India, which have always provided the JV with successful outcomes because of its rightful and legally sound claims, will again rule favourably and order the grant of the long overdue PL over the Bhukia Gold Project. This confidence is strongly supported by the Stay Order granted by the High Court protecting the JV’s rights over the relevant area.

On behalf of Panthera’s executive and management team, I would like to express our appreciation and gratitude to all of our employees for their efforts, sacrifices and hard work during the past year.

On behalf of the Board I would like to extend our immense gratitude to Chris Rashleigh and Peter Carroll, two Directors who did not stand for re-election at the Company’s AGM. Chris was a co-founder of the Group and Peter joined in 2005. They served the Group tirelessly since its inception and their professionalism and wise counsel will be missed. Succession planning in anticipation of Chris and Peter’s retirement saw the appointment to the Board of Catherine Apthorpe. Ms Apthorpe, who was previously selected as one of the Top 100 Global Inspirational Women in Mining, adds important capabilities, knowledge and independence to Panthera’s Board of Directors.

Michael Higgins
Non-Executive Chairman
2019
Annual Report for the year ended 31 March 2019

Organisational Overview:

Panthera Resources strategy remains focussed on dual paths of value creation, through the discovery, development and optimisation of mineral assets in its two chosen geographic areas of activity.

Strategy:

Panthera Resources strategy remains focussed on dual paths of value creation, through the discovery, development and optimisation of mineral assets in its two chosen geographic areas of activity.

By acquiring and advancing projects at all stages of the value chain Panthera intends to create a significant gold exploration and development Group. The Board has set an objective of building a portfolio of high quality, low cost gold assets in India and West Africa.

A dual work stream approach will continue to be taken. Working with our partner Galaxy on the advancement of our objectives in India constitutes one business stream, while the simultaneous advancement of West African projects represents the second stream of activity.

In India, emphasis will continue to be placed on attaining a PL for the Bhukia Gold Project. Once acquired, the extensive amount of exploration already completed will be leveraged and further drilling is expected to define a substantial JORC compliant resource base and allow the completion of a bankable feasibility study.

In West Africa the Group now has the opportunity to re-prioritise its activities following the successful addition of the Labola property in southern Burkina Faso to its already exciting portfolio of properties. Expanding Labola’s previously defined resource will become one of the Company’s priority activities, which compliments recent drill success achieved at Naton and the definition of multiple exciting targets elsewhere in West Africa. The first RC drilling program at Naton achieved excellent results with ore grade intersections encountered at 4 of the 5 structures tested, and further drilling is clearly required, whilst high-quality drill ready targets have also been defined at Bassala and Kalaka.

The Group’s demonstrated abilities in project acquisition will remain a core competency that the Company will utilise to seek further growth opportunities via joint venture arrangements and/or acquisitions of other metals projects. Several advanced opportunities emerged from this initiative during the year and the first acquisition was the advanced stage Labola gold project.

Key Strengths:

- High potential assets with low operating costs in stable operating environments with strong, highly experienced leadership.
- Large gold resource with significant upside potential at Bhukia
- A JORC compliant Inferred Resource of 1.74 Moz is defined over only approximately 10 per cent of the gold in soil anomaly that has been tested, with high potential exploration targets for extensions of that resource. The Bhukia Gold Project has been subjected to over 150 drill holes in addition to extensive sampling, with the GSI producing an unclassified non-JORC resource that substantiates a geologic target of over 6.0 Moz of gold.
- Potential to be a low-cost operation
- Management continues to believe the Bhukia Gold Project demonstrates all the key characteristics that will enable low-cost production. Early conceptual studies suggest the operation will incorporate a shallow open pit mine with consistent and continuous grades. The large-scale ore body and potential to capture by-product copper credits is likely to further lower operating costs. Pit optimisation studies have suggested that the majority of the inferred resource may be economically recovered at low gold prices. The operation has access to extensive infrastructure, with power, roads and transport in close proximity.

Support of National Governments

The Government of India ("GoI") is encouraging private investment in exploration and mining, promoted by Prime Minister Modi’s “Make in India” campaign to strengthen the nation. The New National Mineral Policy 2019 promises to address some of major issues faced by the mining and exploration industry in the country. The development of the Bhukia Gold Project would bring additional employment opportunities for the local community, and the Group anticipates support from the Government and local community alike. The same is also expected of the Governments of Burkina Faso and Mali who are both promoting the resources industry and regional economic growth.

Board and Management Team

The Group has assembled a strong Board and management team that provide a multi-disciplined, well-educated and experienced leadership, collectively demonstrating substantial experience in the exploration, financing, development and operation of mines.

West African portfolio

The Company’s assets in Burkina Faso and Mali present a portfolio of large, cohesive soil anomalies with significant eluvial, alluvial and artisanal workings spread over well-known gold mineralised geological belts. Panthera will take advantage of its team’s extensive experience in the areas to develop the projects and follow up on its early drilling success. The acquisition of the Labola option (Burkina Faso) gives Panthera an advanced drill ready project that could rapidly advance to feasibility.

The Board of Directors

The Board is responsible for providing strategic direction for the Group, setting objectives and management policies and agreement on performance criteria. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and monthly operation reviews.

The Company was established on 8 September 2017. Michael Higgins is the Non-Executive Chairman of the Board and Geoff Stanley is the Managing Director and Chief Executive Officer. Mr David Stein, Mr Tim Hargreaves and Ms Catherine Aphthorpe are Non-Executive Directors.

As part of the Company’s succession planning two long serving Directors, Mr Chris Rashleigh and Mr Peter Carroll did not stand for re-election.

The current composition of the Board is one Executive Director and four Non-Executive Directors. The Board believes the composition of the Board provides an appropriate mix to conduct the Group’s affairs at the present time and the CEO will be reviewing the situation going forward.

Ms. Minna Gonzalez-Gomez LLM ISCA was appointed Company Secretary, she has multi-jurisdictional experience particularly in India, and South East Asia. Ms. Gonzalez-Gomez has a master’s degree in International Law from the University of Turku, and a master’s degree in Comparative Corporate and Commercial Law from University College London. Ms. Gonzalez-Gomez is a qualified Company Secretary and member of the Institute of Chartered Secretaries and Administrators.

The Audit Committee

The Audit Committee is responsible for ensuring that the Group’s financial performance is properly monitored, controlled and reported. The Audit Committee is responsible for the scope and effectiveness of the external audit and compliance by the Group with statutory and other regulatory requirements. It comprises one Executive Director, Geoff Stanley, and one Non-Executive Director, Catherine Aphthorpe.

No internal control issues requiring disclosure were identified during 2019.

The Remuneration Committee

The Remuneration Committee provides a formal and transparent view of the remuneration of the Executive and Non-Executive Directors and makes recommendations to the Board on individual remuneration packages. This includes the award of non-contractual performance related bonuses and share options. Remuneration packages are designed to reward, motivate, retain and recruit individuals.

It comprises Catherine Aphthorpe and David Stein (Non-Executive Directors). No Director took part in discussions concerning the determination of their own remuneration.

The Nominations Committee

The Nominations Committee is responsible for identifying and nominating candidates to fill Board vacancies, to consider future
succession plans as well as to whether the Board has the skills required to effectively manage the Group. It comprises Tim Hargreaves and David Stein (Non-Executive Directors).

Business Environment:
In last year’s report we postulated that there were “numerous reasons to believe that the balance of pressures on the gold price will be to the upside. The emergence of a global trade war precipitated by the US president, the unstable situation with North Korea and Iran, and increasing instability across the European Union is all likely to support increased investment in gold as a safe option….” These expectations have largely come to pass, and we are now enjoying a much more positive gold price. It is clear that those pressures continue to build, and we see little reason to expect any of these macroeconomic or geopolitical situations to be resolved in the short term. While gold has been remarkably strong in light of the firm US dollar recently, the outlook for the dollar appears to be trending negatively, and hence we envisage a likely further positive impact on the gold price. These have been positive influences for the gold exploration business and we have seen key indices of the junior gold mining stocks such as the GDX fare well. It went from 21.98 to 22.42 during the year in question but subsequently it has increased by approximately 20% to over 26.

This implies a modest improvement in gold equity valuations against a backdrop of the move in gold from US$1,322 to US$1,293. Subsequent to year end the gold price has risen to marginally over US$1,500 per oz, an increase of approximately 16%, compared to the GDX rise of almost 32% to 29.6 at the time of writing. Clearly there has been a valuation recovery precipitated by the rise in the gold price. The improved valuation environment the sector is enjoying may positively impact the average cost of capital in the near term and provide much needed equity financing opportunities to the sector participants. Nevertheless, these opportunities are often short lived and the board and management of Panthera must remain vigilant to ensuring a balance sheet that is not vulnerable to further prolonged downturns.

The business environment in India is likely to remain positive following the recent general elections. The stability offered by the strong showing of the Modi government is likely to see India retain its robust growth rates. Indian economy is projected (IMF) to continue to be the fastest growing major economy in 2018-19 and 2019-20. Recent GDP growth of 7.6 per cent supports this contention. In respect to the mining sector, the Government of India (GoI) introduced the much awaited new National Mineral Policy (NMP) 2019 that replaced the earlier 2008 Policy. The NMP, sets out, ambitiously, to increase the production of major minerals by 200% in 7 years. The target is tied to the current Government’s “Make in India” initiative and to boost India’s economic growth.

The NMP aims make necessary changes to the existing laws to attract private investments in exploration, within the ambit of an auction regime, through “Right of First Refusal” at the time of auction and seamless transition from Reconnaissance permit to Prospecting Licence to Mining Leases. The NMP also states that special attention would be given to the prospecting and exploration of minerals in which the country has a poor resource-cum-reserve base despite having the geological potential for large resources. Energy critical minerals, fertilizer minerals, precious metals and stones, strategic minerals and other deep-seated minerals would be considered under this ambit. Additionally, clearances for grant of tenements would be streamlined with simpler, transparent, accountable and time bound procedures to facilitate exploration in order to conform to the statutory requirements especially for geologically complex deposits. Merger and acquisitions of mining entities and transfer of mining leases granted transparently will be encouraged by introducing appropriate incentives in existing laws. The Company hopes that policies laid down in the NMP are enacted and implemented rapidly to give a boost to the declining exploration industry in India. It is also hoped that this would reduce the bureaucratic red tape and stigma of corruption that continue to plague the country, thus improving the JV’s ability to obtain the necessary PL required to recommence exploration at the Bhukia Gold Project.

Economic conditions in Burkina Faso and Mali remain stable with real GDP growth estimated (African Development Bank) to be 6.0% in 2019 and 5.9% in 2020. As cooperation with China stimulates infrastructure development and adds support to growth, both economies are expected to benefit. Gold exploration activity and gold-mining continue to represent significant positive inputs to both economies. The mining industry provides employment opportunities, improved infrastructure, and opportunities for significant capital expenditure growth. In both Burkina Faso and Mali, the mining industry is likely to continue to be a positive agent for change in underprivileged communities and regions. While increasing security instability in the northern and border regions of both countries requires increased levels of diligence and caution, Management and the Board of Panthera anticipate a continued supportive environment for exploration.

Corporate Governance:
The Board remains committed to the highest standards of governance applicable to a Group of our size and to setting a culture that values the very highest of ethical standards in all territories in which we operate and that encourages personal and corporate integrity throughout the Group. As permitted, the Group has not chosen to voluntarily apply the UK Corporate Governance Code, however it intends to comply with the principles where relevant for a Company of its size. Details of the Group’s compliance with the principles can be found on the Group’s website.

All Directors, management and staff are expected to consistently apply the highest ethical standards to their conduct to ensure that the Group’s affairs and reputation are at all times maintained at the uppermost level. It does not tolerate any corrupt practices.

The Board has established a Code of Conduct incorporating the guidelines of the Bribery Act 2010 and compliance officers have been appointed with clearly defined roles of responsibility. Personnel are encouraged to be vigilant at all times and report any suspicions they may have. Implementation of the Code is monitored, and contraventions are reported to the Board. The Directors recognise the importance of building good relations with local communities situated close to the Group’s operations and the Group readily contributes, where appropriate, to the development of the local infrastructure and to supporting community needs.

Panthera is totally committed to minimising any adverse impact of its activities on the natural environment and, as a minimum standard, will comply with any relevant legislation within the territories in which we operate. The Group adheres rigorously to all local environmental regulations.

The Board is committed to providing effective communication with the shareholders of the Group. Significant developments are disseminated through stock exchange announcements, regular updates on the Group’s website and via its news subscription service, which is open to anyone. The Group readily responds to enquiries from shareholders and the public, and Board members regularly present using the Directors Talk online forum and Mines and Money events. The Board views the Annual General Meeting as a forum for communication between the Group and its shareholders and encourages their participation in its agenda.

Business Performance:
Exploration & Business Development - India
As a result of the ongoing permitting delays precipitated by the GoR there was no renewed exploration activity at either Bhukia or Taregaon during the period, or anywhere else in India, because the Group held no granted mineral rights. The JV’s application for a PL over the Bhukia Gold Project was formally rejected by the GoR, which has necessitated intervention in the courts. However, our PL application remains on foot for the Taregaon property. The Group has deferred re-application for any of its lapsed reconnaissance permit applications located in the southern Indian gold belts, since recent legislative changes only allow for non-exclusive tenure. Overall, in regard to possible additions to its exploration portfolio, a wait-and-see approach has been adopted in the hope and expectation that proposed amendments to laws foreshadowed by the new National Mineral Policy document will allow security of reconnaissance phase tenure in India. Until that happens, India is unlikely to attract any grassroots exploration activity.

Because of the Group’s strong legal claim to the Bhukia Gold Project, corporate and business development opportunities have been possible. The Board and Management were able to pursue corporate opportunities to fulfil some of the Company’s key corporate objectives designed to advance the Bhukia Gold Project. Key objectives were:

1. Align Indian capital and investment with the success of the Bhukia Gold Project
2. Strengthen the Company’s Indian management breadth and depth
3. Acquire new Indian bureaucratic and political connections and capabilities

To this end the Company was successful in negotiating a strategic relationship with Galaxy to form a partnership in India to

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To this end the Company was successful in negotiating a strategic relationship with Galaxy to form a partnership in India to
advance the Bhukia Gold Project. Following Galaxy’s extensive technical and legal due diligence by its team in India, Galaxy agreed to purchase a 10% stake in Panthera’s 100% owned subsidiary IGL for US$1.25m and earn additional equity by providing ongoing support and services to advance the Bhukia Gold Project. This transaction was significant in that Galaxy was formed in 2016 with the objective of building a portfolio of gold mining investments and operations and a plan to be listed on the Bombay Stock Exchange (“BSE”). Its principals have a wealth of experience and a wide array of connections and capabilities in the gold mining industry in India. Galaxy’s principal investor is Hunch Ventures and Investments Pvt. Ltd (“Hunch”), which is a successful Indian venture capital group with strong capabilities in India. Panthera’s Board and Management believes that Galaxy and Hunch’s Indian legal and technical due diligence also provides strong validation of the strength of the Bhukia PL application rights. The transaction with Galaxy involves several facets, which include:

1. Investment by Galaxy into IGL
2. Galaxy providing administrative, legal, permitting and technical support in India that will allow it to potentially earn up to an additional 12% equity in IGL subject to achieving certain success hurdles in the lead up to the commencement of mining at Bhukia
3. Galaxy, at IGL’s election, can earn additional equity through providing drilling and logistic services upon the re-commencement of exploration at Bhukia, which may be a cost effective financing solution
4. IGL and Galaxy constructively working to negotiate IGL’s participation in Galaxy’s BSE listing process (possibly through a merger with or acquisition by Galaxy).

Galaxy recently completed its Stage 1 investment of US$500,000 and has earned an initial 5% holding in Panthera’s Indian subsidiary company, IGL. A further investment of US$750,000 prior to the re-commencement of exploration will earn it a further 5% interest in IGL.

Indian Legal & Business Environment

The Group has been continuously negotiating with the GoR for the grant of its PL application over the Bhukia Gold Project. However, in spite of numerous commitments to uphold our court established legal rights, the GoR went back on its words and rejected the PLA, for the second time, in August 2018. This was a major setback and the Group was forced to evaluate all legal recourses and ultimately re-approached the High Court of Rajasthan by means of a writ petition challenging the rejection order.

The court proceedings are ongoing. The Hon’ble High Court passed an interim stay order in our favour (September 2018), restraining the GoR from granting third party rights within the area applied for by the JV under the PLA. The indefinite Stay Order reaffirms the legal right of the Company and we are confident of getting a favourable judgement once all pleadings in court are complete and the matter is put up for final hearing. The GoR and the GoI who are respondents to the case were served notices and were asked to file their written replies in response to the writ petition. At a hearing on the 6 May 2019, the Court passed an additional Order giving the Government a last opportunity to file their reply with 6 weeks and the matter was relisted for the 8 July 2019. However, by the time of going to print no reply had been filed by either of the Governments and the six weeks deadline has expired. The Court has deferred the hearing until 18 October 2019.

The Group is hopeful that the Court will see through the delaying tactics adopted by the Government and will put up the matter for a final hearing and disposal at the earliest. We are confident of getting a favourable judgement as the grounds for rejection are baseless.

West Africa Business

The Company has advanced its West Africa programme with the establishment of 100% subsidiary companies in Mali and Burkina Faso, these being Panthera (Burkina Faso) Resources SARL and Panthera Mali Resources SARL. Experienced technical teams have been employed and Panthera have opened exploration offices in both countries. Panthera’s footprint in West Africa has been expanded with the acquisition of rights to the Labola gold project in Burkina Faso. Labola is considered by the Company to be an advanced gold project and will significantly fast track Panthera’s exploration objectives in Burkina Faso. The plan below Figure 1 Location West Africa Projects Labola Project (Burkina Faso – option to purchase 100%):

The project is located in the south-eastern part of Burkina Faso within the Banfora greenstone belt, approximately 380km southwest of the capital city Ouagadougou and 90km east-northeast of the Banfora gold deposit (Fig 1).
Exploration was undertaken in the past by High River Gold / Nordgold (ex TSX and LSE listed, now private) and Taurus Gold (private South African company). While not all of the results from this work have been obtained and compiled, the following drill results have been identified to date:

**High River Gold / Nordgold:**
- RC: 25,025m in 227 drill holes (possibly up to 90 additional drill holes)
- DD: 2,489m in 24 drill holes
- RAB: 1,628m in 48 drill holes

**Taurus Gold:**
- RC: 5,059m in 27 drill holes
- DD: 19,949m in 103 drill holes

The data and core are available for the Taurus drilling but the HRG/Nordgold data has not been sighted as yet.

Both groups undertook preliminary resource estimations to JORC and/or NI43-101 guidelines, but as only summary data has been sighted to date, these estimates should be considered exploration targets only at this stage. The total historical estimate (HRG/Nordgold) is over 600,000 ounces at a grade of around 1.2g/t Au. A full independent resource estimate is proposed following verification work on existing drill core and complete a verification drilling programme.

Numerous significantly higher grade drill intercepts have been returned, consistent with the high grades being reported by the artisanal miners, including:

- WND15: 2m @ 130.6g/t Au from 66m
- WND24: 11m @ 8.2g/t Au from 147m
- WND58: 6.5m @ 7.26g/t Au from 318m

One semi-mechanised underground mine visited by Panthera geologists was focussed on a 0.9m to 1.4m wide quartz vein and the main shaft was at 57m while Panthera was on site. This is on the eastern vein which appears to be a single vein with associated mineralised stringers either side and thus represents a good high grade underground target.

The western vein consists of a series of sheeted and stringer veins over 1-10m total width and has potential to be mined via open pit methods. Alteration, including coarse arsenopyrite and tourmaline (both typical of gold in the Birimian), was seen. Some veins at an angle to the main trend were also noted and the possibility of this zone being a Reidel-array style shear related vein system is likely.

Thus, the potential to significantly increase the overall resource base is considered to be good by Panthera’s geologists, in particular higher grade shoots at depth and structural targets where the two veins merge and become more of a stockwork or Reidel-array style shear zone.

Figures 3-4 show pictures of the workings and alteration/mineralisation at Labola.
At the Naton project the regolith mapping program was continued in order to complete coverage of targets considered prospective based on the soil sampling. The Company has also identified historical data that had been archived by the government agency and this information has now been digitised and is being used to identify targets for the next drilling programme.

Initial results are highly encouraging, with several anomalies identified that are coincident with, and extend beyond, artisanal workings. These artisanal workings were developed on alluvial, eluvial and in situ mineralisation. Drill targets have been defined for testing and initial drilling on five structures in the north-east resulted in some excellent intersections of gold mineralisation.

The Company tested the Somika Hill target with three drill holes over about 900m of strike. The Kaga and Bido veins only had a single hole drilled into them as part of the programme and hence remain open in all directions. The Somika East target is a virgin discovery without any previous artisanal activity and the site has also only been tested by a single drill-hole after it was identified via soil sampling.

The drill programme was very successful in upgrading the Kaga Vein, Bido Vein and Somika East targets, with these all requiring additional drill testing to ascertain size potential. The resulting grades have shown positive results with over 3g/t Au being returned from each target and up to 32.3g/t Au as a best result.

Much of the better mineralisation at each of these targets appears to be associated with sulphide alteration rather than quartz veins, suggesting that Induced Polarisation ("IP") may be a good exploration tool and useful in the targeting of future drilling locations.

The main Somika Hill trend has been significantly extended with regards to strike potential. Additional exploration is required to assess its full potential as drilling is still very broadly spaced.

At the Kalaka JV project in southern Mali, West Africa, the company conditionally surrendered the old tenure in August 2018 in favour of a new tenement granted to Panthera in December 2018. The licence has been granted to our local 100% owned subsidiary company – Panthera Mali Resources SARL on behalf of our Joint Venture partners (Golden Spear Mali SARL) for an initial period of 3 years commencing 31 December 2018. This may be renewed for a further 3 years and then an additional 1 year if all conditions are met.

The project is located in the southern part of Mali, within a poorly explored Birimian greenstone belt (Figure 1). Previous work by other explorers has outlined several zones of significant gold mineralisation, including the K1A anomaly, a large zone of low-grade gold mineralisation associated with mafic intrusions and meta-sediments that has been defined over a strike of about 1km and up to 200m width.

Significant drill intercepts include (Figure 5):
K1A001: 246.3m @ 0.54g/t Au from 53m, including 56m @ 1.02g/t Au
K1A002: 191.8m @ 0.52g/t Au from 9m, including 6m @ 1.47g/t Au and 4m @ 2.47g/t Au
K1A006: 175.4m @ 0.49g/t Au from 24 m, including 25m @ 1.21g/t Au

The following photo of drilling is located at Somika Hill prospect:
Recent geophysical work by Panthera has shown that the known mineralisation at K1A has an associated IP chargeability anomaly related to the disseminated sulphides (pyrite, pyrrhotite and arsenopyrite) within the alteration and mineralisation. This anomaly has been shown to trend away from the zone that has been drill tested to date, with the most chargeable part of the IP anomaly not properly tested. This is considered a very good target for higher grade mineralisation within a demonstrated large mineralized system based on the interpreted higher sulphide content giving rise to the chargeability anomaly (Figure 6).

The K1A mineralisation does not outcrop and has no artisanal workings associated with it. However, an area in the south of the licence (Southern Artisanal Prospect) has extensive abandoned artisanal workings over an area of about 900m x 130m trending in a NNE direction with a cross cutting trend over an area of about 500m x 50m trending in a NW direction (Figures 7-9).

This has very similar rock types and alteration to the K1A mineralisation and is only tested by three shallow RC drill holes which probably did not reach target depth. Rock chip samples of dump material have returned up to 10.5g/t Au. This is a high priority target with potential for higher grade mineralisation than K1A, especially where the two trends intersect. Geophysical and drill testing is warranted.
A second zone of artisanal workings over an area of about 300m by 50m is located within felsic rock types and this has not been drill tested to date. In addition, several other soil anomalies and/or drill intercepts also require additional follow-up.

**Bassala (Mali – earning 80%)**

The Bassala licence was granted to our JV partners (Golden Spear Mali SARL) for an initial period of 3 years commencing on 1 March 2018. This may be renewed for a further 3 years and then an additional year if all conditions are met.

Two operating gold mines are located less than 10km from the project area— the 3.4 Moz Kalana Gold Mine owned by Endeavour Mining and the plus 1 Moz Kodieran Gold Mine owned by Wassoul’Or.

Initial geological mapping has identified lateritic, alluvial, eluvial and some hard rock artisanal gold workings occurring over a large area in a roughly NNE trending zone over about 8km strike. Soil sampling and RAB drilling from historical exploration efforts outline several large gold geochemical anomalies, largely co-incident with the 8km long mineralised corridor. There are also several significant anomalies located outside this corridor, in particular a 3-4km long linear anomaly in the northwest of the licence area and several 1-2km long anomalies to the southeast.

Significant mineralisation was reported in the results of previous exploration activity, mainly at the end of RAB drill-holes within the corridor, suggesting mineralisation is present at depth in bedrock. Work subsequent to the end of the reporting period has been most encouraging with 480 soil samples received, which confirm the distinct NNE trending anomaly (coincident with the previously interpreted mineralised corridor and with artisanal gold workings) extends over at least 8km. Additional soil sampling has been completed with assay results to be finalised over the next three months.

Several more restricted but higher-grade soil anomalies have also been identified and these represent direct drill targets as shown by the previous broad spaced RAB drilling. This work now provides an excellent foundation target for definition drill testing.
Financial Review:

Review and results of operations

The consolidated loss of the Group is $1,553,396 for the financial period after providing for income tax and eliminating non-controlling interests amounted to $1,535,925 (2018: $2,479,305).

The Group is not yet a minerals producer and hence derives no ongoing income from production. The loss from continuing operations was due primarily to expenditure on exploration and related activities over mineral resource properties at early-to-advanced stage (prior to feasibility or development stage). These outgoings are expensed in accordance with the Group’s accounting policy (refer note 1.13).

Financial measures

The Group continued to maintain tight financial constraints over its expenditure, minimising administrative and discretionary costs. It ceased all new business development activities.

Changes in Capital Structure

During the year in question there were no changes to the capital structure of the Company.

Review of Holdings:

The Group has shareholdings in a number of unlisted mineral resource exploration companies. It maintains a passive, non-management role in each, however, does share office facilities and provide limited support/services on an informal basis to two of these entities.

Anglo Saxony Mines Ltd (“ASM”) (17.2%)

ASM is a UK-based private company with tin exploration properties in Cornwall, UK and Saxony, Germany (the latter sold into ASM by Indo Gold). Pursuant to the terms of sale of the German assets, as the property has advanced on agreed milestones, and following a modest A$100,000 investment to support ASM’s pre-feasibility study, the Group’s shareholding in ASM has now reached 9.55 million shares.

The focus has remained on the principal Tellerhäuser project located in Saxony, where ASM has recently made some excellent progress on the metallurgy, engineering and scoping of likely development scenarios for the Tellerhäuser deposit.

Panthera has recently received a shareholder update from ASM outlining the successful metallurgical pilot plant test-work, receipt of an additional £1.0 million from Baker Steel and acquisition of a second globally significant tin resource, the text of which is set out below:

Funding

ASM has announced that it has received from Baker Steel Resources Trust (BSRT) the third tranche of the convertible note loan, comprising an additional £1,000,000. These funds will now be used to complete the on-going pre-feasibility study for Tellerhäuser.

This investment was dependent upon positive results of the Pilot Plant test work and the commercial test work being conducted by AAS in Tasmania. These results were apparently better than the ASM technical team anticipated and clearly demonstrate that the mineralisation can be successfully processed into a saleable tin concentrate. This excellent work resulted directly from a single integrated tin operation in Saxony.

This is an excellent development and gives ASM several operating and development options, as well as doubling its existing tin resource base.

Daehwa Mine (South Korea – Inactive) Net Smelter Royalty (NSR)

The Group recently agreed to sell its 3% NSR over the Daehwa mine to Peninsula Mining. Subsequent to the reporting period the first A$50,000 of a total sale price of A$70,000 was received.

Bengal Minerals Pty Ltd (“BMPL”) (32%)

The processing of its Prospecting Licence applications for iron ore in Rajasthan advanced during the period.

AfroRosa Resources Ltd (“ARR”) (15.3%)

ARR is an unlisted Australian public Company with exploration activities in West Africa. ARR has been relatively inactive throughout the reporting period.

Changes in state of affairs:

Other than those matters disclosed above, no significant changes in the Company’s or Group’s state of affairs occurred during the financial year.

Subsequent Events:

The following events have occurred subsequent to the end of the financial year up to the date of this report:

Operations:

Exploration & Business Development - India

No new developments.

Indian Legal and Business Environment

Following the rejection of the PL application over the Bhukia Gold Project, the Company has been aggressively pursuing for an outcome in court, where it has filed a writ petition challenging the GoR’s rejection order. The Company’s legal rights are protected by a Stay Order and the matter is set for final hearing on 18 October 2019.

In parallel, the Company, with the support of Galaxy, has also reopened negotiations with the newly elected Government in the State of Rajasthan. It aims to show to the new administration how we have been denied our court validated legal rights for the project.

An agreement to purchase the Gottesberg tin deposit, approximately 28km west of the flagship Tellerhäuser tin deposit, has been reached with Tin International AG, and the transfer of the licence has been approved by the Mines Authority in Saxony. Consideration is a mix of cash and ASM shares.
The Group’s continued future operations depend on the ability to raise sufficient working capital through future private investment and the issue of equity share capital. The Group has sufficient funding contractually agreed with various investors in which the timings of the receipt of this funding is dependent on the grant of the PL. The Directors are confident that the PL will be granted and subsequent funding will be received within the next 12 months.

Tight budgetary and financial controls are maintained across the Group. The use of interest-bearing deposit accounts is maximised and cash flow forecasts are constantly updated and reviewed by the Board. Cash forecasts are updated continuously.

The financial exposure of the Group, for a number of its exploration projects, is substantially reduced by partnering with third parties in exploration joint ventures.

Foreign exchange risks:
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Indian Rupee, West African Franc, Australian and US Dollar.

The Group’s exposure to foreign exchange movements is set out in note 20 of the accounts. Risks to exchange movements are mitigated by minimising the amount of funds held overseas. All treasury matters are handled centrally in the UK. All requests for funds from overseas operations are reviewed and authorised by Board members. The Group does not hedge its exposure to foreign currencies and recognises the profits and losses resulting from currency fluctuations as and when they arise.

Environmental regulations
The Group is subject to significant environmental regulation in respect of its exploration activities and is committed to undertaking all its operations in an environmentally responsible manner. During the prior exploration phases undertaken during periods of granted Reconnaissance Permits (RPs), all activities compiled with environmental regulations stipulated by the statutory authorities and no breaches were noted. Once subsequent mineral title (PL) is granted, it is planned that all future exploration activities undertaken within the consolidated Group will similarly comply with all statutory requirements.

This Strategic Report was approved by the Board of Directors on 15 August 2019.

Geoff Stanley
Managing Director
Your Directors present their report, together with the financial statements, on the consolidated Group for the financial year ended 31 March 2019.

**General Information:**
Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors’ Report is set out in the Group Strategic Report and includes: principal activities, future developments, principal risks and uncertainties and events after the end of the reporting period.

**Statement of Directors’ Responsibilities:**
The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Under that law the Directors have prepared the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit and loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether the Financial Statements comply with IFRS’s as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the Financial Statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions. The Group is compliant with AIM Rule 26 regarding the Group’s website.
Directors and their interests:
The current Directors are listed on page 5. The Directors of Panthera are: Michael Higgins, Geoff Stanley, David Stein, Tim Hargreaves and Catherine Athorpe (appointed as a Non-Executive Director on 10 June 2018). During the year Minna Gonzalez-Gomez was appointed as the Company secretary.

The beneficial interests of the Directors at the year-end in the issued share capital and share options of the Company are as follows:

<table>
<thead>
<tr>
<th>As at 31 March 2019</th>
<th>Ordinary shares</th>
<th>Share options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoff Stanley</td>
<td>1,750,000</td>
<td>1,521,375</td>
</tr>
<tr>
<td>Mike Higgins</td>
<td>7,447,789</td>
<td>7,425,000</td>
</tr>
<tr>
<td>Tim Hargreaves</td>
<td>1,014,285</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>10,212,074</td>
<td>4,355,421</td>
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</table>

The remuneration paid to Directors:

<table>
<thead>
<tr>
<th>Directors’ Fees</th>
<th>Share based payments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the year ended 31 Mar 2019</td>
<td>For the year ended 31 Mar 2018</td>
<td>For the year ended 31 Mar 2019</td>
</tr>
<tr>
<td>For the year ended 31 Mar 2019</td>
<td>For the year ended 31 Mar 2018</td>
<td>For the year ended 31 Mar 2019</td>
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<td>$ USD</td>
<td>$ USD</td>
<td>$ USD</td>
</tr>
<tr>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>Geoff Stanley</td>
<td>160,033</td>
<td>131,780</td>
</tr>
<tr>
<td>Michael Higgins</td>
<td>29,460</td>
<td>77,712</td>
</tr>
<tr>
<td>Christopher Rashleigh</td>
<td>7,313</td>
<td>14,412</td>
</tr>
<tr>
<td>Peter Carroll</td>
<td>12,217</td>
<td>14,411</td>
</tr>
<tr>
<td>David Stein</td>
<td>14,483</td>
<td>8,236</td>
</tr>
<tr>
<td>Tim Hargreaves</td>
<td>14,505</td>
<td>8,236</td>
</tr>
<tr>
<td>Catherine Athorpe</td>
<td>12,654</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>250,664</td>
<td>254,787</td>
</tr>
</tbody>
</table>

Shares under option or issued on exercise of options
At the date of this report, there were 4,784,796 options outstanding over the unissued shares of the Company (2018: 7,784,796).

There were no shares issued during or since the end of the financial year as a result of the exercise of an option.

Substantial shareholdings
As at 15 August 2019, the Company was aware of the following holdings of 3% or more in the Company’s issued share capital:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of Shares</th>
<th>% of issued share capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Acquisition Partners LP</td>
<td>8,100,000</td>
<td>12.0%</td>
</tr>
<tr>
<td>Michael Higgins</td>
<td>7,447,789</td>
<td>11.0%</td>
</tr>
<tr>
<td>Atlas Financial International (BVI) Ltd</td>
<td>3,456,038</td>
<td>5.1%</td>
</tr>
<tr>
<td>Christopher Rashleigh</td>
<td>3,323,616</td>
<td>4.9%</td>
</tr>
<tr>
<td>Anglo Saxony Mining Ltd</td>
<td>2,775,000</td>
<td>4.1%</td>
</tr>
<tr>
<td>Mr Oci Then Yet Ronald Anthony</td>
<td>2,571,429</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Provision of information to Auditor
The Directors who held office at the date of this report confirm that, so far as they are individually aware, there is no relevant audit information of which the Group’s auditors are unaware and the Directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor
PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

Approved by the Board and signed on its behalf

Geoff Stanley
Managing Director
INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF PANTHERA RESOURCES PLC

Opinion
We have audited the financial statements of Panthera Resources Plc (the ‘parent company’) and its subsidiaries (the ‘group’) for the year ended 31 March 2019 which the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:
• the financial statements give a true and fair view of the state of the group’s and of the parent company’s affairs as at 31 March 2019 and of the group’s and parent company’s loss for the year then ended;
• the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
• the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to note 1.3 in the financial statements which identifies conditions that may cast doubt on the group’s ability to continue as a going concern. The group incurred a net loss of $1,580,720 and incurred operating cash outflows of $1,443,125 and is not expected to generate any revenue or positive cashflows from operations in the 12 months from the date at which these financial statements were signed.

The group has cash of $188,376 at year-end. Management indicate that on current expenditure levels, all current cash held will be used prior to the 12 months subsequent of the signing of the financial statements.

An agreement is in place with Galactic Gold Mines Private Limited (“Galaxy”) to provide $1.25m over three tranches of funding be used prior to the 12 months subsequent of the signing of the financial statements. An overview of the scope of our audit

We determined gross assets to be the most appropriate benchmark for the group as the entity currently does not trade and its investment portfolio is the main source of interest to the user of the financial statements.

Materiality was set at £53,700 for the consolidated balances, and the materiality set for the parent was £46,000 (2018 - £24,000). We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during our audit in excess of £2,700 in addition to other audit misstatements below that threshold that we believe warrant reporting on qualitative grounds.

Our application of materiality

We draw attention to note 26 of the financial statements, which describes the events surrounding the Government of Rajasthan’s rejection of Panthera’s application for the Bhukia PL. Despite the rejection, the directors, based on per legal advice, are confident that they will secure the necessary Stay Orders required to fully protect the JV’s rights over the entire area of the area held under the RP (Reconnaissance Permit). While we are satisfied from our audit work that the value of the investment in the company under financial position is supportable, the carrying value of the asset is ultimately dependent on the successful outcome of both the short term legal situation and the longer-term acquisition of the PL, neither of which have been obtained at the date of this report.

These conditions, including the possibility that the short term legal protection of the JV’s tenement area is not obtained, indicate the existence of a material uncertainty which may cast significant doubt on the carrying value of the investment asset. This in turn may also have a serious impact on the group’s ability to raise future funds and may cast significant doubt on the group’s ability to continue as a going concern, as detailed previously in the audit report. The financial statements do not show any adjustment that would be required should the exploration asset need to be impaired, or, if the group was unable to continue as a going concern. Our opinion is not modified in this respect.
Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter | How the scope of our audit responded to the key audit matter
---|---
Carrying value of investments and intercompany balances | We have performed the following work to address this risk:
- Reviewed management’s assessment of investments and its reasoning for the current valuation of the company’s investment in Indo Gold.
- Reviewed a legal opinion obtained by the Group’s lawyers on confirming the current status of the proceedings against the State of Rajasthan & Ors.
- Considered the status of the licence renewal both during the year and prior year end, and the feasibility of it being accepted by the Government.
- Considered criteria for impairment under IAS 36 and applied those indicators to the investments held by Panthera.
- Obtained third party evidence where available to support the values used by Management to estimate the carrying value of the subsidiary.

While we are satisfied from our audit work that the value of the investment in the company statement of financial position is supportable, the carrying value of the asset is dependent on the successful outcome of both the short term legal situation and the longer term acquisition of the PL, neither of which have been obtained at the date of this report.

We have therefore included an emphasis of matter paragraph within our audit report to highlight the uncertainty over this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors’ report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group’s and the parent company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these