

MINING FLASHNOTE

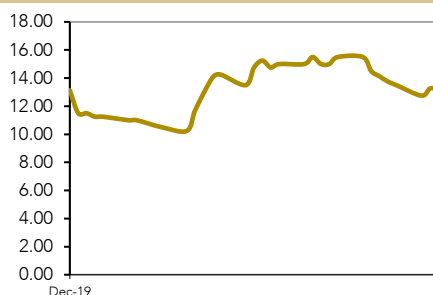
Pembridge Resources plc (PERE LSE)

29 January 2020

Stock Data

Share Price:	13.25p
Market Cap (M):	£9.1
EV (M):	£8.8

Price Chart



52 Week Range

17.25p	13.25p
9.75p	

Company Summary

Pembridge is an aspiring copper producer, re-starting production at the Minto high grade copper mine in the Yukon.

MAIN SHAREHOLDERS HOLDING

Gati Al-Jebouri	19%
-----------------	-----

Source: Pembridge Resources & Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

Pembridge December Quarter Production Figures Show High Grades and Recoveries Resulting in Higher Revenues

Event

Pembridge Resources plc ("Pembridge") has announced its production figures for the December quarter 2019 and the revenue figure for December's production.

Highlights

The key highlights are:

- 104,005 tonnes of ore processed at a grade of 2.27% copper
- Copper recovery was 95.1%
- 6,436t of concentrate were produced containing 2,247t of copper at an average concentrate grade of 34.9% copper
- US\$7.1M has been received in payments for October and November
- US\$5.4M was received in payment for the December production

Comment

This is an excellent set of production figures, especially when one considers that the mine is being recommissioned and ramped up to full production.

The mill continues to operate on a two week on and two weeks off basis and this will continue until sufficient underground development has been achieved to enable a high monthly processing capacity. The recovery for the quarter of 95.1% is excellent and probably reflects the high grades of copper being processed. Until continuous operations commence, we anticipated that recoveries would be below the forecast 95% as there are always additional losses associated with starting and stopping the plant in addition to inventory changes in the concentrate thickener.

That said, this is a good set of initial figures, with copper production increasing every month and an excellent concentrate grade. The figures may differ a little from previously announced figures due to reconciliation and are subject to rounding errors.

The 2019 production all came from the Minto East mining zone and the mining of this zone will be completed by the end of Q1 2020. Copper Keel will be the next orebody to be mined and is currently under development. This is a significantly larger zone with total resources of 8Mt grading approximately 1.6% copper, which should allow for an increase in production rates in the June quarter of 2020.

US\$7.1M has already been received in payments for production in October and November, pursuant to the offtake agreement between Sumitomo Canada Limited and Minto dated 22 July 2019 (the "Offtake Agreement"), where Minto receives a 90% provisional payment for the copper concentrate produced at each month end.

The payment for December was US\$5.4M, however, since this was received in January it will not be reflected in the P&L account for the period ending 31 December 2019. Rather, it will appear on the balance sheet as a receivable. This takes total payments received since the recommissioning of the Minto mine began to US\$12.5M.

The higher amount received for the December month is more a reflection of the higher copper production than higher metals prices. In the table below, the copper and gold prices are monthly averages.

	Copper produced	Payment Received	Copper price	Gold price
October	583t	US\$3.4M	\$2.61/lb	\$1513/oz
November	644t	US\$3.7M	\$2.66/lb	\$1468/oz
December	1014t	US\$5.4M	\$2.76/lb	\$1523/oz

The payments are based on the average of the last 28 days prior to the last day of milling. Pembridge has never published the days when it starts and stops milling, making it very difficult to calculate the actual metal prices used. Additionally, the gold and silver content of the concentrate has yet to be disclosed. Once the mill reaches continuous operations, the metal prices paid will be the effectively the monthly averages.

The final, balancing payment will be paid on delivery of the concentrates to Japan, subject to the quotation period as per the terms of the Offtake Agreement. The Final Invoice will consist of the remaining 10%, plus or minus any commodity price changes to the Advanced Payments made, less accrued interest. Transportation of the copper concentrate to the Skagway port is expected to commence in early Q1 2020, followed by first shipment targeted for later in Q1 2020.

Research Disclosures

Peter Rose

Peter has 33 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 13 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

Investment Analyst Certification

All research is issued under the regulatory oversight of Brandon Hill Capital Limited. Each Investment Analyst of Brandon Hill Capital Limited whose name appears as the Author of this Investment Research hereby certifies that the recommendations and opinions expressed in the Investment Research accurately reflect the Investment Analyst's personal, independent and objective views about any and all of the Designated Investments or Relevant Issuers discussed herein that are within such Investment Analyst's coverage universe.

Brandon Hill Capital Limited provides professional independent research services and all Analysts are free to determine which assignments they accept, and they are free to decline to publish any research notes if their views change.

Research Disclaimers

Research disclosure as of 29 January 2020

Company Name	Disclosure
Pembridge Resources (PERE LSE)	1, 2, 7,8

Investment Research Disclosure Legend:

1. In the past 12 months, Brandon Hill Capital Limited or its affiliates have had corporate finance mandates or managed or co-managed a public offering of the Relevant Issuer's securities or received compensation for Corporate Finance services from the Relevant Issuer.
2. Brandon Hill Capital Limited expects to receive or intends to seek compensation for Corporate Finance services from this company in the next six months.
3. The Investment Analyst or a member of the Investment Analyst's household has a long position in the shares or derivatives of the Relevant Issuer.
4. The Investment Analyst or a member of the Investment Analyst's household has a short position in the shares or derivatives of the Relevant Issuer.
5. As of the month end immediately preceding the date of publication of this report, or the prior month end if publication is within 10 days following a month end, Brandon Hill Capital Limited and / or its affiliates beneficially owned 1% or more of any class of common equity securities of the Relevant Issuer.
6. A senior executive or director of Brandon Hill Capital Limited or a member of his or her household is an officer, director or advisor, board member of the Relevant Issuer and / or one of his subsidiaries.
7. Brandon Hill Capital Limited acts as corporate broker for the Relevant Issuer.
8. The Investment Analyst who is responsible for the preparation of this Investment Research is employed by Brandon Hill Capital Limited, a securities broker-dealer.
9. The Investment Analyst who is responsible for the preparation of this Investment Research has received (or will receive) compensation linked to the general profits of Brandon Hill Capital Limited.

Disclaimer: Important Information

This document is not independent and should not be relied on as an impartial or objective assessment of its subject matter. Given the foregoing, this document is deemed to be a marketing communication and as such has not been prepared in accordance with legal requirements designed to promote the independence of investment research and Brandon Hill Capital Limited is not subject to any prohibition on dealing ahead of dissemination of this document as it would be if it were independent investment research.

This document has been issued by Brandon Hill Capital Limited for information purposes only and should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, any contract relating to such action. This document has no regard for the specific investment objectives, financial situation or needs of any specific entity. Brandon Hill Capital Limited and/or connected persons may, from time to time, have positions in, make a market in and/or effect transactions in any investment or related investment mentioned herein and may provide financial services to the issuers of such investments. The information contained herein is based on materials and sources that we believe to be reliable, however, Brandon Hill Capital Limited makes no representation or warranty, either express or implied, in relation to the accuracy, completeness or reliability of the information contained herein. Opinions expressed are our current opinions as of the date appearing on this material only. Any opinions expressed are subject to change without notice and Brandon Hill Capital Limited is under no obligation to update the information contained herein. None of Brandon Hill Capital Limited, its affiliates or employees shall have any liability whatsoever for any indirect or consequential loss or damage arising from any use of this document.

This report has been approved in the UK by Brandon Hill Capital Limited solely for the purposes of section 21 of the Financial Services and Markets Act 2000. In the UK, this report is directed at and is for distribution only to persons who (i) fall within Article 19(1) (persons who have professional experience in matters relating to investments) or Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) or (ii) are professional clients or eligible counterparties of Brandon Hill Capital Limited (all such persons together being referred to as "relevant persons"). This report must not be acted on or relied upon by persons in the UK who are not relevant persons.

Neither this report nor any copy of part thereof may be distributed in any other jurisdictions where its distribution may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. Distribution of this report in any such other jurisdictions may constitute a violation of UK or US securities law, or the law of any such other jurisdictions.

Investments in general involve some degree of risk, including the risk of capital loss. The services, securities and investments discussed in this document may not be available to nor suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor. Past performance is not necessarily a guide to future performance and an investor may not get back the amount originally invested. Where investment is made in currencies other than the investor's base currency, movements in exchange rates will have an effect on the value, either favourable or unfavourable. Levels and bases for taxation may change. When we comment on AIM or NEX shares you should be aware that because the rules for those markets are less demanding than the Official List of London Stock Exchange plc, the risks are higher. Furthermore, the marketability of these shares is often restricted.

Brandon Hill Capital Limited and/or its associated companies may from time-to-time provide investment advice or other services to, or solicit such business from, any of the companies referred to in this document. Accordingly, information may be available to Brandon Hill Capital Limited that is not reflected in this material and Brandon Hill Capital Limited may have acted upon or used the information prior to or immediately following its publication. In addition, Brandon Hill Capital Limited, the directors and employees thereof and/or any connected persons may have an interest in the securities, warrants, futures, options, derivatives or other financial instrument of any of the companies referred to in this document and may from time-to-time add or dispose of such interests. Neither the whole nor any part of this material may be duplicated in any form or by any means. Neither should any of this material be redistributed or disclosed to anyone without the prior consent of Brandon Hill Capital Limited. Brandon Hill Capital Limited is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

Brandon Hill Capital Limited may distribute research in reliance on rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US Institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Brandon Hill Capital Limited does not accept any responsibility. By accepting this document you agree that you have read the above disclaimer and to be bound by the foregoing limitations/restrictions. Please note that unless otherwise stated, the share price used in this publication is taken at the close of business for the previous day.

Brandon Hill Contact List

International Sales

Oliver Stansfield

Tel: +44 20 3463 5061

Email: oliver.stansfield@brandonhillcapital.com

Corporate Finance & Broking

Jonathan Evans

Tel: +44 20 3463 5016

Email: jonathan.evans@brandonhillcapital.com

Wei Jiao

Tel: +44 20 3463 5019

Email: wei.jiao@brandonhillcapital.com

Research

Peter Rose

Tel: +44 20 3463 5034

Email: peter.rose@brandonhillcapital.com

Enzo Aliaj

Tel: +44 20 3463 5026

Email: enzo.aliaj@brandonhillcapital.com