

Pembridge Resources plc (PERE LSE)

11 November 2019

Company Summary

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

Pembridge Announces Amendment to Streaming Agreement with Wheaton

Event

Pembridge Resources plc ("Pembridge") has announced it has entered into a Canadian law governed amendment agreement (the "Amendment Agreement") to the Precious Metals Streaming Agreement between, among others, Minto Explorations Ltd ("Minto") and Wheaton Precious Metals Corp. ("Wheaton"), dated 20 November 2008 (as previously amended by a letter agreement dated 11 March 2009 and an amendment agreement dated 13 October 2017) (the "Existing Agreement").

Highlights

The key highlights are:

- For the Modified Price Period, the price received by Minto from Wheaton for Payable Gold will increase to 75% of the Market Price
- The Modified Gold Price is effective immediately and shall end on the earlier of (i) 12 months, plus 60 days from First Delivery or (ii) the first 11,000 ounces of Payable Gold having been delivered to Wheaton

Comment

Under the previous Existing Agreement, Minto was entitled to the lesser of (i) US\$300.00 per ounce of Payable Gold (subject to a 1% annual upwards inflationary adjustment after three years and yearly thereafter) and (ii) the prevailing price of gold quoted by the London Bullion Market Association ("Market Price") per ounce of Payable Gold (US\$329 per ounce as at 28 October 2019), for 100% of Payable Gold under 30,000 ounces in any 12-month period and 50% of Payable Gold over 30,000 ounces from the Minto mine in any 12-month period. Similarly, Minto is entitled to receive the lesser of (i) US\$3.90 per ounce of Payable Silver (subject to a 1% annual upwards inflationary adjustment after three years and yearly thereafter) and the prevailing Market Price per ounce of Payable Silver, for 100% of the Payable Silver generated from Minto mine.

Under the new agreement, Minto will receive 75% of the market price of gold on the day immediately prior to the time when title to the concentrate shipped passes from Minto to the buyer of concentrate (which shall be Sumitomo Corporation Canada ("Sumitomo")), as offtake partner, pursuant to and in accordance with the terms of the offtake agreement between Minto and Sumitomo, dated 22 July 2019 ("Offtake Agreement").

This is an excellent deal for Pembridge. Since it applies to the first 12 months of production, it has an immediate impact on cashflows and hence maximises any net present value calculation. BHC calculates that the 11k oz will be produced some time between now and the December quarter of 2020. Dependent upon the actual future gold price, BHC calculates it will add around US\$11M to the revenues of the Minto Mine.

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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.

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Research disclosure as of 11 November 2019

<u>Company Name</u>	<u>Disclosure</u>
Pembridge Resources (PERE LSE)	1, 2, 7,8

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