

# STRATEGY PRESENTATION



January 2022

**LSE:PERE**

[www.pembridgeresources.com](http://www.pembridgeresources.com)





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# Strategic options now Minto is listed



Following Minto's successful raise of C\$31 million and the subsequent listing on the TSX in Q4 2021, Pembridge is now focused on the next phase of its business development.

In addition to \$4.1 million to be received as repayment for historic funding of the Minto mine, Pembridge will leverage off its resultant 11.2% interest in Minto and has the following options which can be pursued independently or in tandem:

**Option 1 - Retain 11.2% stake and receive dividends from operations. Expected net cashflow from existing resources expected to range from \$17-30 million\* versus current market cap of approximately \$7 million**

**Option 2 - Expand the Pembridge portfolio by using the Minto asset as a basis to leverage for further investment in new projects – this is the chosen strategy by Pembridge Board of Directors and this presentation explores the options that can be considered**

**Option 3 - Dispose of Minto holdings. Whilst this is low risk and accretive relative to the current Pembridge share price (current value of holding equates to approximately \$16.0 million), it caps will cap expected future returns and upside.**

\*Based on Minto's latest 43-101 Preliminary Economic Assessment Technical Report forecasts adjusted for Pembridge copper price forecast of \$3.75/lb

# Pembroke's financial position now

## Unaudited balance sheet as at 31 December 2021 \$'000

### Assets

Investments	16,036 <sup>1</sup>
Receivable from Minto re Capstone	5,000
Receivable from Minto re funding	4,106
Cash and prepayments	331
	<hr/>
	25,473

### Liabilities

Borrowings and other payables	(9,579) <sup>2</sup>
Deferred consideration to Capstone	(5,000) <sup>3</sup>
	<hr/>
	(14,579)

**Net assets** **10,894**

### Equity

Share capital	1,212
Share premium and reserves	9,682 <sup>4</sup>
	<hr/>
	10,894 <sup>5</sup>

<sup>1</sup> Potential value of investment in Minto could be significantly higher than the current book value of \$16 million after expected life of mine extension following exploration on unexplored 80% of land mass owned by Minto

<sup>2</sup> Borrowings includes convertible loan (convertible at \$0.113 equivalent to 8.2p per share at exchange rate of £:USD 1.37) and accrued interest of \$3.3 million and director loans of \$6.1 million

<sup>3</sup> Final payment remaining to Capstone from the total \$20 million consideration for the purchase of Minto. Payment to be made by Minto by 15 Jan 2023

<sup>4</sup> Share premium and reserves of \$9.7 million as a result of 2021 Total Comprehensive Income of \$20.6 million, of which \$3.8 million is increase in fair market valuation of investment in Minto and \$18.6 million arising from Minto funding payment to Capstone of Minto acquisition price.

<sup>5</sup> If \$3 million convertible loan is converted into equity, total equity will be \$13.9 million (£10.2 million at exchange rate of £:USD 1.37) which is equivalent to 7.8p per share based on fully diluted share capital of 130.2 million shares. Without conversion of convertible loan into equity, total diluted share capital would stand at 103.7 million shares with equity of \$10.9 million being equivalent to 10.5p per share

# Minto PEA Assumptions Versus Pembridge

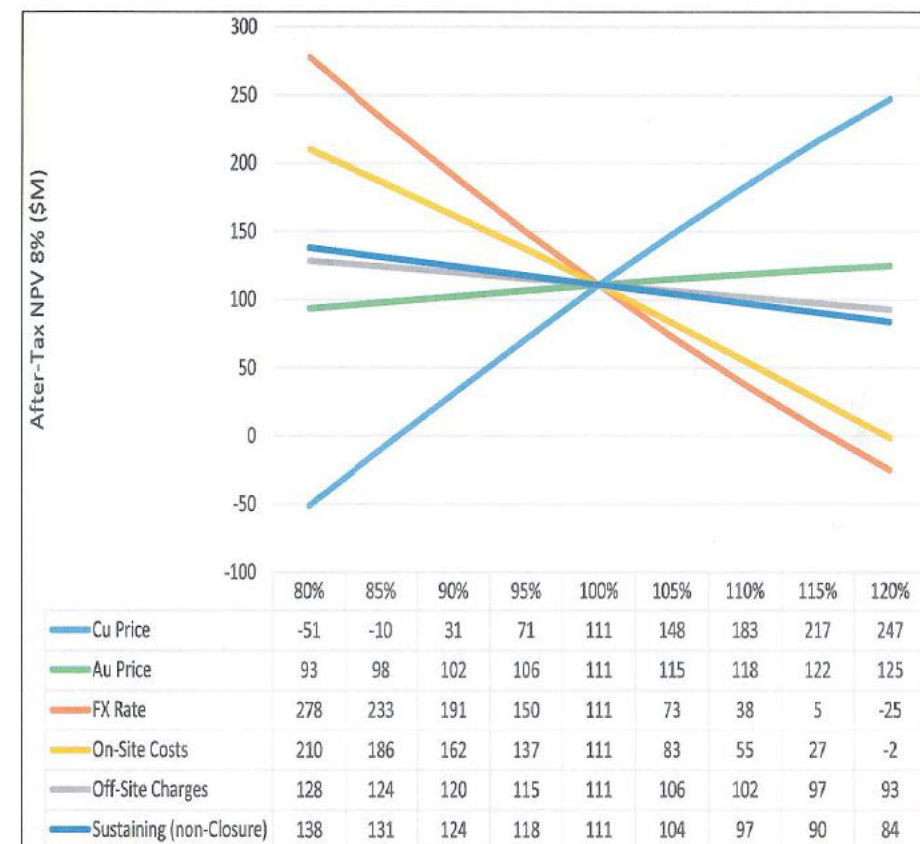
## PEA Economics adjusted for Pembridge Price Forecast

		Total LOM
Production Mlbs	Mlbs	245.00
PEA Price	US\$/lb	3.10
43-101 PEA revenue	US\$ m	766.10
All In Sustaining Costs (AISC)	US\$/lb	2.65
Margin / Mlbs	US\$/lb	0.45
Free cash flow	US\$ m	116.85
Project Life of Mine	Years	7

Pembridge market price forecast	US\$/lb	3.75
Price difference Pembridge forecast vs PEA	US\$/lb	0.65
Additional revenue/free cash flow	US\$ m	152.65
Adjusted revenue	US\$ m	918.75
<b>Adjusted free cash flow</b>	<b>US\$ m</b>	<b>269.50</b>

The Copper Price is the biggest driver of NPV Sensitivity

Figure 23-2: After-Tax Discounted NPV Sensitivities

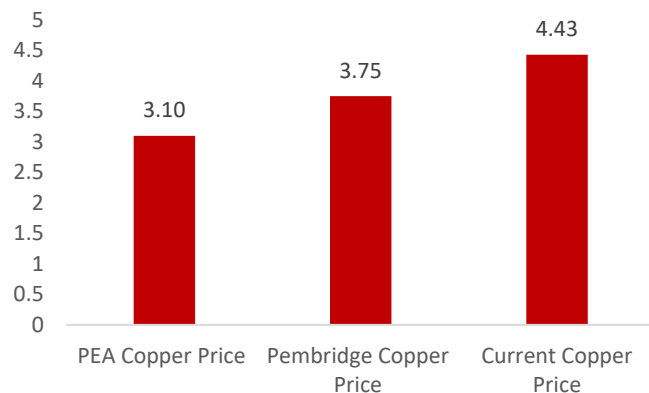


Source: Minto's latest 43-101 Preliminary Economic Assessment Technical Report



# Income from Minto at \$3.10/lb and \$3.75/lb

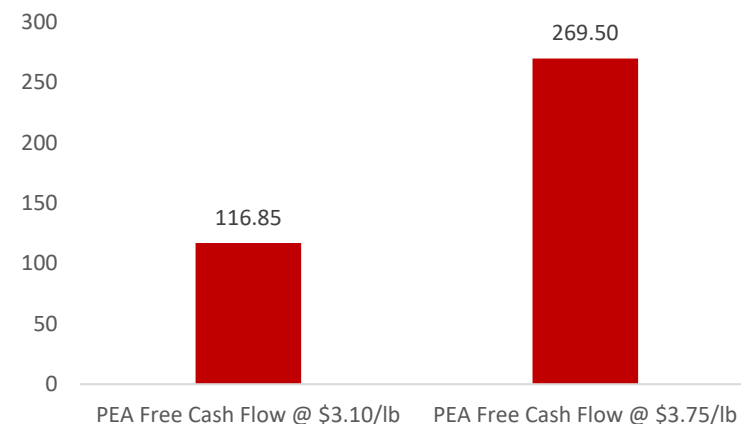
Copper Price per \$/lb



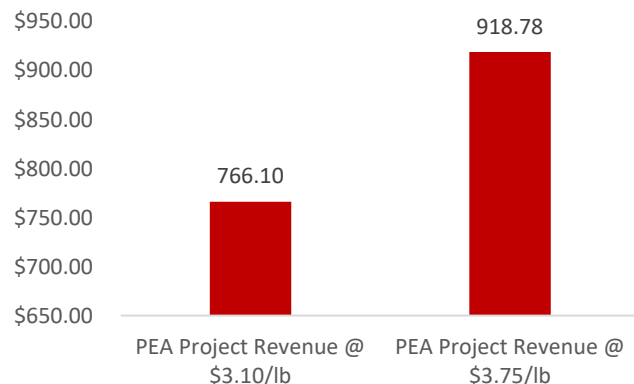
- The current copper price is \$4.43/lb
- The PEA long term copper price assumption is \$3.10/lb
- Pembroke is using \$3.75/lb for its internal forecasting

- This results in:
  - An increase of \$152.68M of revenue
  - An increase of \$152.65M in project FCF; and
  - Net \$30.1M of FCF for PERE 11.2% holding

Project Free Cash Flow (FCF) \$M

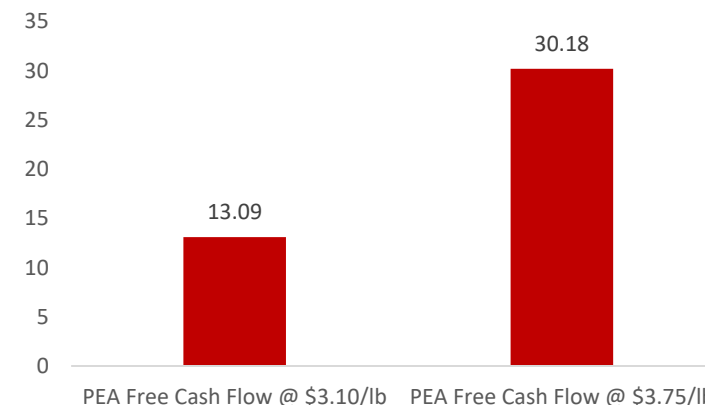


Project Revenue \$M



- The project LOM is 7 years which can be extended through additional resources and reserves by exploration
- Results of c13,000m drilling in 2021 expected in H1 2022

PERE Net 11.2% of FCF \$M



# What sectors are interesting for new projects?

- ✓ Those which are an integral part of de-carbonisation of energy market (e.g. copper, renewable energy)
- ✓ Those in which Pembroke has existing knowledge and expertise
- ✓ Opportunistic investment opportunities with high positive returns

**This leads to consideration of investments in the following sectors -**

- ✓ Mining & production of copper, gold, silver, lithium cobalt
- ✓ Renewable energy such as a solar park
- ✓ Mining mineral resources
- ✓ Oil and gas upstream projects

# Key investments criteria guidance

## Preference for projects that are in production or close to production

- |  |  |
|--|--|
| ✓ Maximum £15 million in one project, through equity and/or debt   | ✓ Minimum 10% stake  |
| ✓ NPV <sub>8%</sub> of above \$30m preferred   | ✓ IRR more than 12%  |
| ✓ For copper projects, <ul style="list-style-type: none"><li>• minimum annual production of 10 million lbs</li><li>• Minimum life of mine 7 years</li><li>• Maximum AISC \$2.65/lb</li></ul> | ✓ For gold projects, <ul style="list-style-type: none"><li>• minimum annual production of 10,000 oz</li><li>• Minimum life of mine 7 years</li><li>• Maximum AISC \$800/oz</li></ul> |
| ✓ Projects in renewable energy sector as well as oil and gas will be evaluated if meeting key financial criteria set out above re NPV, IRR and investment amount                             | ✓ Projects will be considered as long as there are technical reports confirming resources and/or reserves  |
| ✓ Preferred locations in order of preference North Americas, Europe, South Americas and Africa   | ✓ We may invest in listed companies, but as part of a capital raise rather than buying shares in the market  |



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