

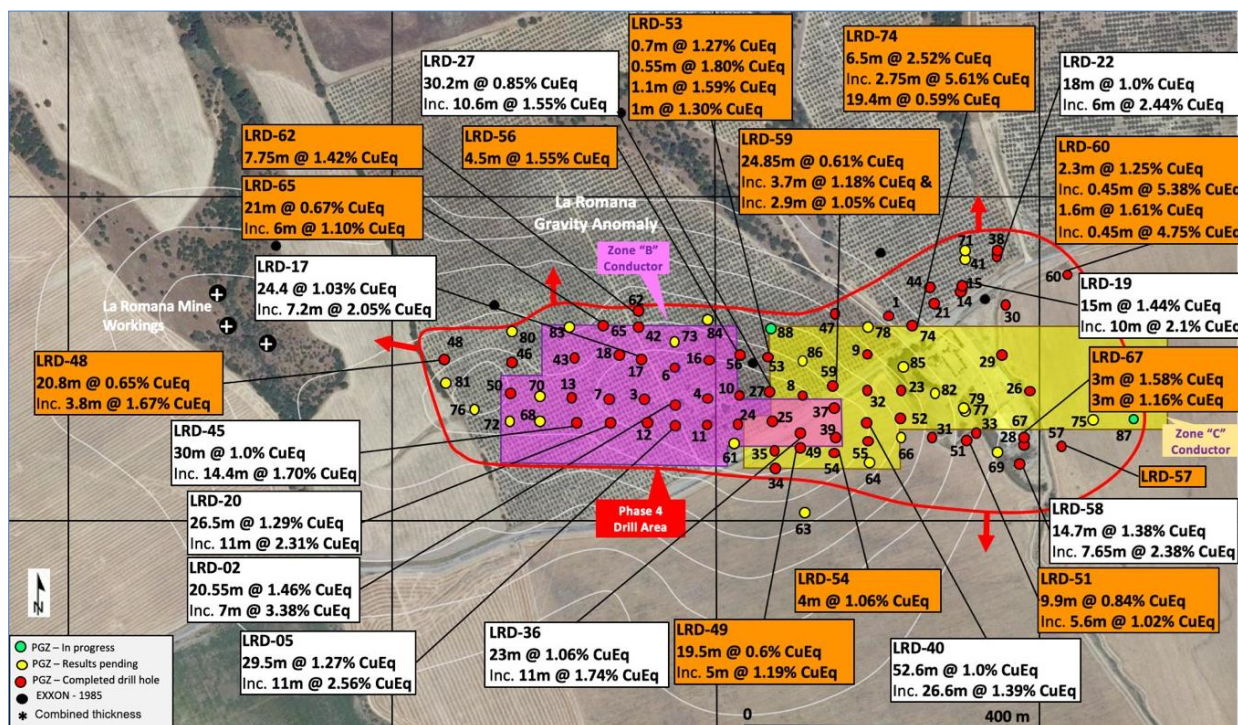
Ticker: PGZ CN	Cash: C\$16m	Project: Escacena
Market cap: C\$120m	Price: C\$0.63/sh	Country: Spain, Andalucía
<i>RECC. (unc): BUY</i>	<i>PT (unc): C\$1.00/sh</i>	<i>RISK RATING: VENTURE</i>

The expanded Phase 4 drill program at La Romana sees a mix of strike and dip extensions, and infill. The system has now been extended to >1km strike, with examples of down dip extensions including 6.5m @ 2.5% CuEq along the down-hole EM conductor anomalies, themselves ongoing testament to the geophysics success here. Interestingly we see higher tin to the west with 7.7m @ 1.42% CuEq including 0.15% Sn. This is relevant as high-Sn typically points to larger VMS systems, important given western drilling is still 300m away from limited Roman workings, which could point to further extensions. To the east, shallow drilling hit 19.5m @ 0.6% ~25m up-dip from previous 23m @ 1.1% CuEq. Recent drilling already gives us confidence that our prior ~10Mt is creeping toward the 15Mt mark, albeit far more / less than that at higher/lower cut-off. This should backstop the valuation, giving a free-option on seeing the next ~five gravity-IP anomalies along strike. Permits for that drilling should arrive in the next month or two with the public consultation complete, which could quite simply grow this by 5x, or not at all of course. Thus La Romana should be 'ready for 43-101' before YE, but realistically we expect discovery / footprint drilling to warrant continued drilling first. We **maintain our BUY rating and C\$1.00/sh PT** based on a nominal 25Mt @ 1% CuEq for La Romana at US\$500/t metal value (~5% in-situ, ie US\$100/oz), with US\$250/t (~2.8% or US\$50/oz) over nominal 200kt Cu in satellites.

La Romana reaches >1km in strike with 6.5m @ 2.5% CuEq; wide open copper-tin discovery

Pan Global reported results from 13 holes (13 pierce points) drilled at La Romana in Spain, highlighting 6.5m @ 2.5 CuEq (Cu-Ag) from 163m downhole, 7.8m @ 1.4% CuEq (Cu-Ag-Au), from 166m, and 21m @ 0.7% CuEq (Cu-Sn-Ag) from 139m that extended mineralization ~ 100m down dip within the EM conductor target. Shallow mineralization was also confirmed to the west towards old mine workings with 20.8m @ 0.65% CuEq. La Romana mineralization now extends >1km in strike and remains open at depth. The recently expanded Phase 4 drill program is ongoing, targeting additional extensions (Figure 1), and assays are pending for an additional 21 holes, some noting strong visible copper mineralization.

Figure 1. La Romana drill plan map and geophysical targets (gravity + conductor)



Source: Pan Global

Why we like Pan Global

- Overlooked Cu VMS discovery under thin cover in Spain, stuck in oil companies
- Ex head of Rio BD and Iberian exploration, CEO Tim Moody is regional expert
- First discovery already 'de-risked' >10Mt, backstopping value given operating mines nearby
- Six undrilled coincident IP / gravity anomalies along strike support larger upside

Catalysts

- 2H21: 40 hole La Romana drill program
- 2H21: Permitting for along strike 'next five' anomalies
- Year end: Five 40-50kg metallurgical samples
- 1H22: Potential for MRE at current drill (*SCPe more likely to continue footprint drilling*)

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Ticker: PGZ CN	Price / mkt cap: C\$0.63/sh, C\$120m	Project PNAV today: 0.66x	Asset: Escacena							
Author: B Salier / B Gaspar	Rec / xNAV PT: BUY, C\$1/sh	1xNAV_{1Q21} FF FD: C\$0.95/sh	Country: Andalucia, Spain							
SOTP project valuation*		Commodity price	CY21E	CY22E	CY23E	CY24E	CY25E			
	C\$m	O/ship	NAVx	C\$/sh	Copper price (US\$/lb)	4.00	4.00	4.00	4.00	4.00
La Romana 190kt Cu @ US\$500/t CuEq	123	100%	1.00x	0.56	Silver price (US\$/oz)	24.00	24.00	24.00	24.00	24.00
Cash as of July 2021	16.0	100%	1.00x	0.07	Gold price (US\$/oz)	1,850	1,850	1,850	1,850	1,850
Cash from options	7.0	100%	1.00x	0.03	Resource		Cu	CuEq	Insitu CuEq	% Cu
Satellite 200kt Cu @ US\$250/t CuEq	65	100%	1.00x	0.29	SCPe Romana		1%	1%	190kt	70%
SCPe Group NAV	211			PT: 0.95	SCPe satellite pits		1%	1%	200kt	
			Market P/NAV	0.66x	Capital structure	Basic	FD			
					Shares (m)	191.0	221.7			

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NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

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NOT RATED ((N/R): The stock is not currently rated

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Summary of Recommendations as of September 2021	
BUY:	46
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	46

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