

Pan Global Resources Inc.

30 Assays Pending at La Romana — Al Andaluz Potential to Emerge During a Busy 2022

PGZ-TSXV: \$0.76
Speculative Buy
\$1.30 Target

Event: We reiterate our **Top Pick** status on **Pan Global Resources** for Q122. PGZ shares gained **33%** during Q421, compared with the Global X Copper Miners ETF (COPX) which was up 8%. PGZ shares benefitted from the significant milestone represented by the recent granting of an Investigation Permit for ~2,365ha on the Al Andaluz area adjacent to the flagship Escacena Project area in the Iberian Pyrite Belt (IPB) in southern Spain (see our note dated **Nov. 22/21**). The three-year Al Andaluz permit (renewable for additional periods) allows for exploration to begin immediately on several large high priority targets and extensions to the La Romana Cu-Sn discovery at Escacena (Exhibits 1 & 3). Al Andaluz has been mostly unexplored since the mid-1980s. In 1985, an Exxon drill hole on the edge of the La Jarosa anomaly cut **9.5m at 1.42% Cu and was not followed up on**.

Projected Return: 71%
C\$, unless otherwise stated

Looking Ahead: Armed with ~\$17M in cash, PGZ plans aggressive exploration at Al Andaluz. Plans call for follow-up geophysics on **several large gravity anomalies** defined via reprocessing of regional gravity to better define drilling targets. PGZ will also complete a gravity survey over the entire area with follow-up detailed airborne electromagnetic and magnetic surveying in January. An IP and detailed gravity survey will also immediately focus on the La Jarosa target where a mid-1980s Exxon hole cut **9.5m at 1.42% Cu on the edge of a large gravity anomaly — follow-up drilling is planned for Q122**. Other priority targets include the El Pozo and Zarcita areas which exhibit surface indications of Cu, Pb, Zn, Ag and Au mineralization, extensive alteration, and historical mine workings. A significant follow-up drill program is planned to test targets generated via the ongoing exploration work in 2022.

Market Data

| | |
|------------------------------|-----------------|
| Market Capitalization (\$M) | 133.7 |
| Net Debt (\$M) | na |
| Cash & Equivalents (\$M) | 17.0 |
| Debt (\$M) | 0.0 |
| Enterprise Value (\$M) | 116.7 |
| Basic Shares O/S (M) | 191.0 |
| Fully Diluted Shares O/S (M) | 221.7 |
| Avg. Daily Volume (K) | 110.4 |
| 52 Week Range | \$0.38 - \$0.84 |

Management

| | |
|---------------------|------------------------|
| CEO | Tim Moody |
| Chairman | Patrick Evans |
| CFO | Christina Cepeliauskas |
| VP Exploration | Jim Royall |
| Corporate Secretary | Max Pinsky |

Risks

| |
|----------------------|
| Exploration Risk |
| Commodity Price Risk |
| Jurisdictional Risk |

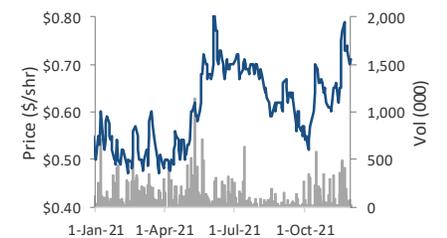
Events/Catalysts

| |
|-----------------------------|
| Exploration Drilling - 2022 |
| Maiden Res. Est. - E2022 |

Company Description

Pan Global Resources Inc. is actively engaged in base and precious metal exploration in southern Spain. The Company's flagship Escacena project has potential for volcanic hosted massive sulphide (VMS) and stockwork Cu, Zn, and precious metal mineralization in the Iberian Pyrite Belt, which is considered the most prolific VMS mining district in the world. Escacena includes the La Romana gravity anomaly where ongoing drilling is demonstrating shallow high-grade Cu-Sn mineralization and several other large neighbouring untested gravity anomalies along strike of the giant Aznalcollar and Los Frailes massive sulphide deposits and the Las Cruces mine which is one of the highest-grade open pit copper mines in the world.

The Gravity of the Situation: We note here that gravity anomalies have been a very significant discovery tool at numerous other major deposits in the IPB, including the nearby Las Cruces (+40M t) and Los Frailes (+70M t) deposits and PGZ's emerging La Romana deposit. Indeed, La Romana centres on a 1.5km-long E-W-oriented gravity anomaly. Most of the outcropping massive sulphide deposits in the IPB were discovered and mined during the pre-Roman and Roman eras. In more modern times, exploration focused on the depth continuation of orebodies, and to new prospect areas, with gravimetry (and EM) proving as one of the most important exploration tools owing to the marked density contrast between minerals formed in association with VMS mineralization and their host rocks.

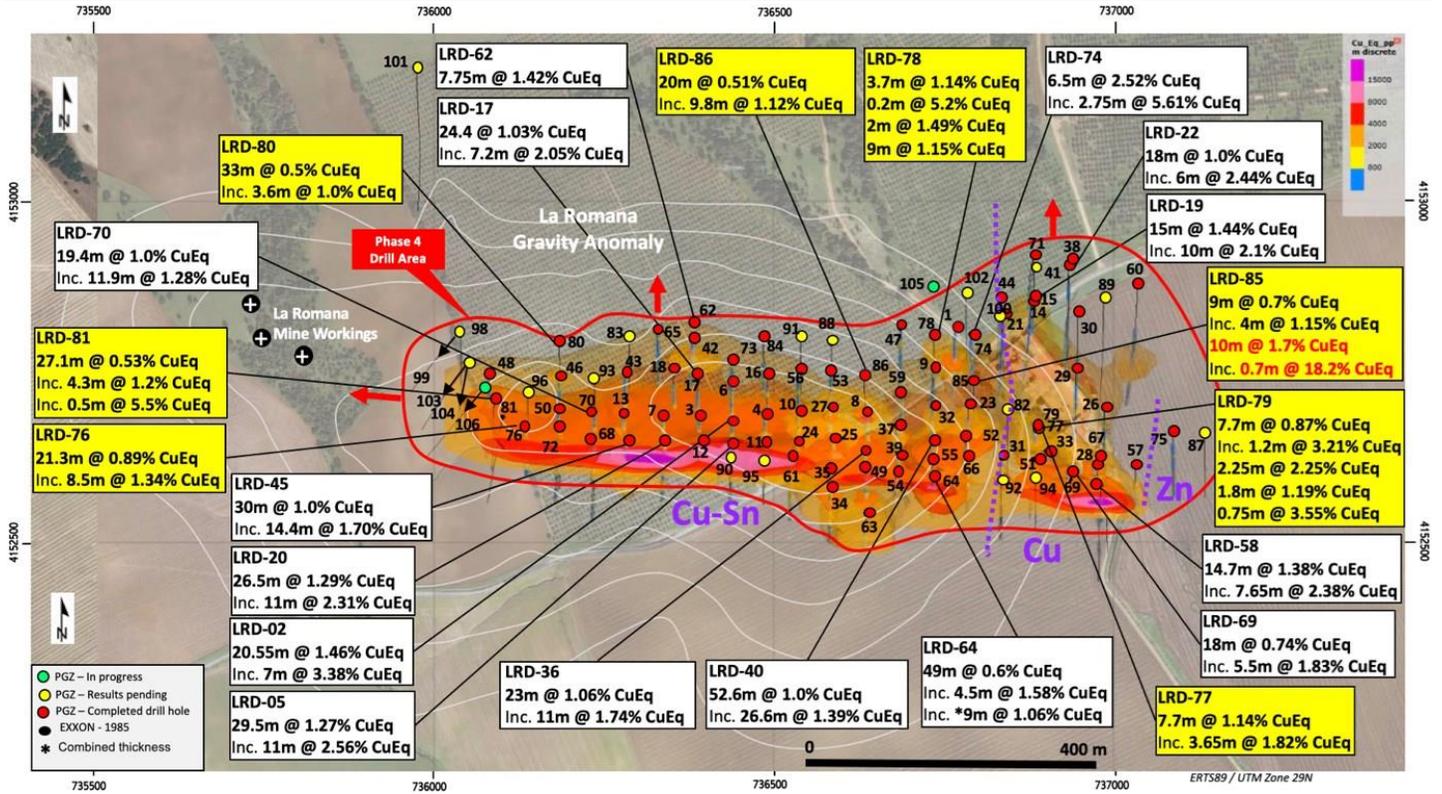


Source: CapitalIQ Company Reports

La Romana: Drilling by PGZ has so far focused on the La Romana target where the Company maintains a **100% hit rate**. Ongoing drilling there continues to expand mineralization, with the most recent batch of holes extending mineralization laterally and both up-dip (25m) and down-dip (30-50m) on various sections (including some wide intervals of supergene enrichment-style Cu mineralization). To date, drilling demonstrates the continuity of shallow Cu-Sn mineralization over **+1km of strike**; the zone remains open in several directions. With the edges of the target yet defined, drilling continues with two rigs and **assays pending for 30 holes — several containing strong visible mineralization**. Drilling has also tested several Induced polarity chargeability anomalies north of La Romana (Exhibit 2). PGZ also plans preliminary metallurgical test work at La Romana in Q122.

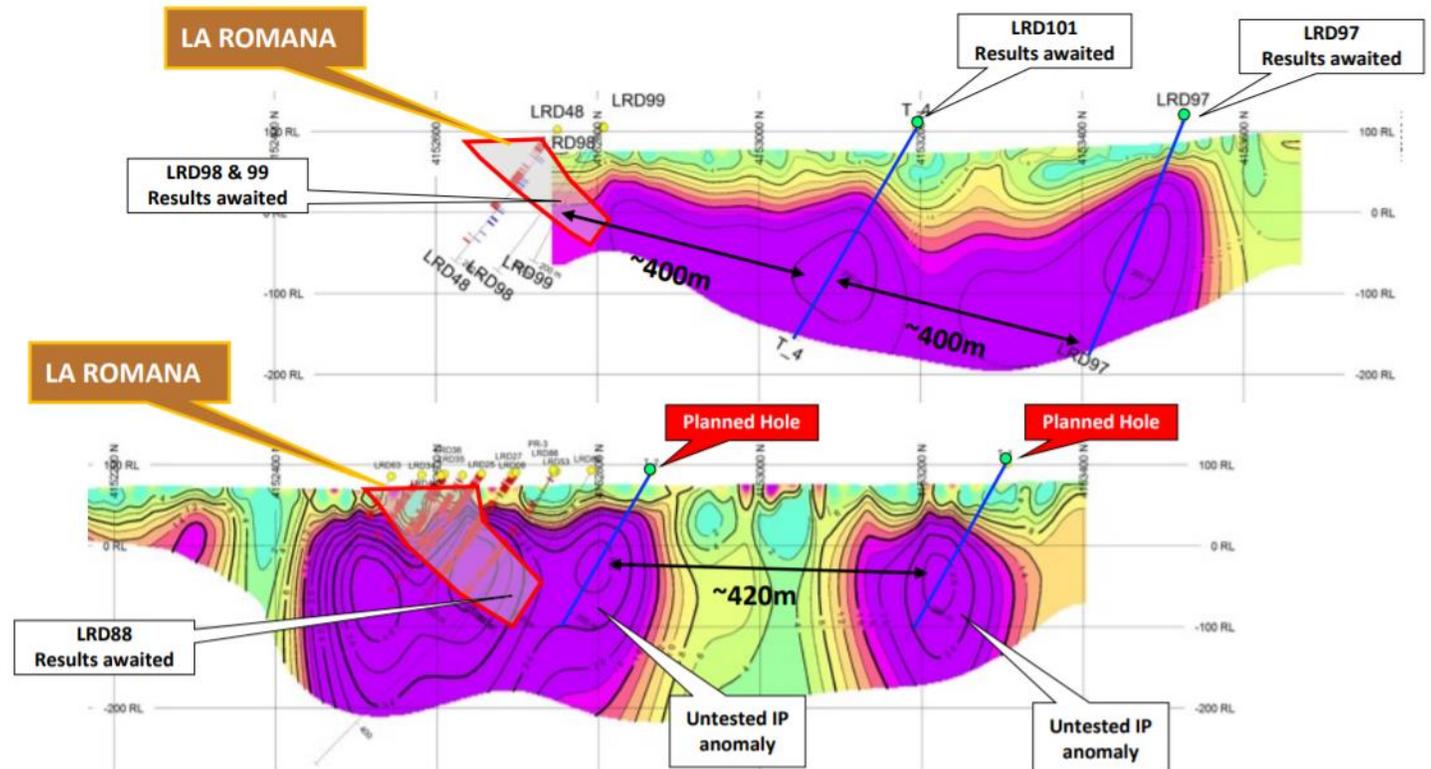
Valuation: We reiterate our **Speculative Buy (Top Pick)** rating and **\$1.30/shr PT**. We view the recent award of the Al Andaluz Investigation Permit as a potentially transformational milestone for PGZ as it opens up the potential for the discovery of multiple La Romana-like targets on numerous large gravity anomalies on the neighbouring land package (Exhibit 3).

Exhibit 1 – La Romana Continues to Grow (100% Hit Rate Intact)



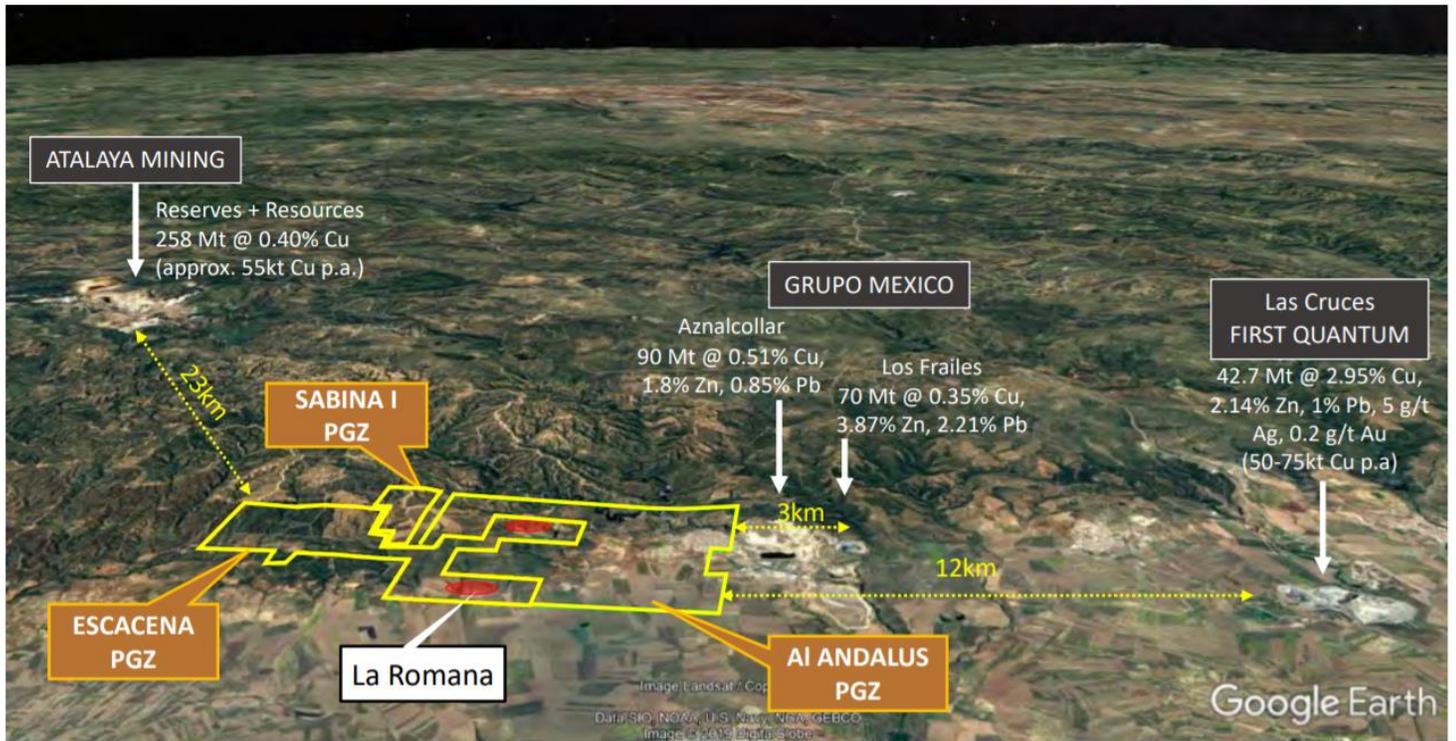
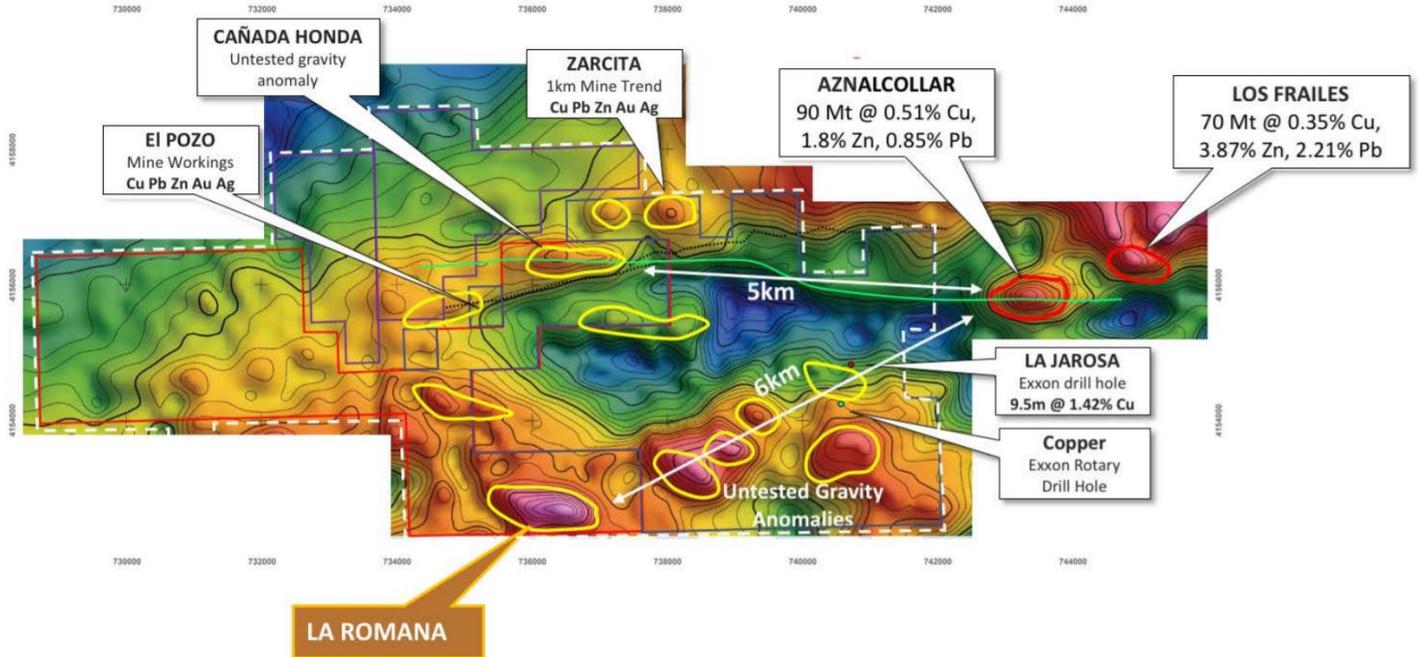
Source: Pan Global Resources Inc.

Exhibit 2 – La Romana Northern IP Targets



Source: Pan Global Resources Inc.

Exhibit 3 — The Gravity of the Situation — Untested Gravity Anomalies Bracketed by Lookalike Cu Mineralization and Copper Mines — Gravimetry an Indispensable Tool in the Iberian Pyrite Belt



Source: Pan Global Resources

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Company: Pan Global Resources Inc. | PGZ-TSXV

I, Ryan Walker, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that I have not, am not, and will not receive, directly or indirectly, compensation in exchange for expressing the specific recommendations or views in this report.

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|--|--------|
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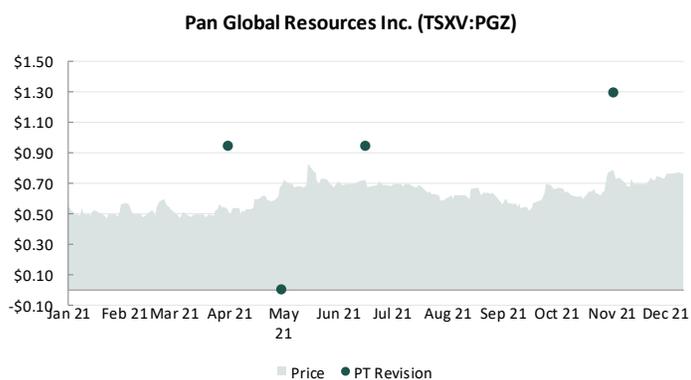
RATING DEFINITIONS

| | |
|-------------------------|--|
| Buy | The security represents attractive relative value and is expected to appreciate significantly from the current price over the next 12 month time horizon. |
| Speculative Buy | The security is considered a BUY but in the analyst’s opinion possesses certain operational and/or financial risks that are higher than average. |
| Hold | The security represents fair value and no material appreciation is expected over the next 12-18 month time horizon. |
| Sell | The security represents poor value and is expected to depreciate over the next 12 month time horizon. |
| Under Review | While not a rating, this designates the existing rating and/or forecasts are subject to specific review usually due to a material event or share price move. |
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| Recommendation Hierarchy | Buy | Speculative Buy | Hold | Sell | Under Review | Restricted | Tender |
|--|-----|-----------------|------|------|--------------|------------|--------|
| Number of recommendations | 32 | 39 | 1 | 0 | 4 | 0 | 0 |
| % of Total (excluding Restricted) | 42% | 51% | 1% | 0% | 5% | | |
| Number of investment banking relationships | 19 | 34 | 0 | 0 | 1 | 0 | 0 |
| % of Total (excluding Restricted) | 35% | 63% | 0% | 0% | 2% | | |

PRICE CHART, RATING & PRICE TARGET HISTORY



| Date | Target (C\$) | Rating |
|-------------|--------------|------------|
| 20 Apr 2021 | \$0.95 | Spec Buy |
| 20 May 2021 | NA | Restricted |
| 6 Jul 2021 | \$0.95 | Spec Buy |
| 22 Nov 2021 | \$1.30 | Spec Buy |

Coverage Initiated: Apr 20, 2021
 Data sourced from: Capital IQ

Toronto Wealth Management

1 Adelaide St East, Suite 2000
Toronto, ON M5C 2V9
416-572-5523

Toronto Capital Markets

1 Adelaide St East, Suite 2100
Toronto, Ontario M5C 2V9
416-572-5523

Montreal Wealth Management and Capital Markets

1000 De La Gauchetière St W., Suite 1130
Montréal, QC H3B 4W5
514-396-0333

Calgary Wealth Management

525 8th Ave SW, Suite 400
Calgary, AB T2P 1G1
403-218-3144

Calgary Wealth Management

123 9A St NE
Calgary, AB T2E 9C5
1-866-880-0818

Oakville Wealth Management

1275 North Service Road, Suite 612
Oakville, ON L6M 3G4
289-348-5936

Edmonton Wealth Management

8603 104 St NW
Edmonton, AB T6E 4G6
1-800-231-5087

London Wealth Management

235 North Centre Rd, Suite 302
London, ON N5X 4E7
519-858-2112

Ottawa Wealth Management

360 Albert St, Suite 800
Ottawa, ON K1R 7X7
613-907-0700

Vancouver Wealth Management and Capital Markets

1055 Dunsmuir St, Suite 3424, P.O. Box 49207
Vancouver, BC V7X 1K8
604-647-2888

Victoria Wealth Management

730 View St, Suite 210
Victoria, BC V8W 3Y7
250-412-4320

Saskatoon Wealth Management

220 – 728 Spadina Crescent East
Saskatoon, SK S7K 1X2
306-667-2282