

Pacgold Ltd

Seeking to unlock an entire gold corridor, at scale

Pacgold Limited (ASX:PGO) is an ASX-listed minerals exploration company focused on the Alice River gold project at the northern end of the North-east Queensland Mineral Province. Pacgold has a 100% interest in Alice River, covering an historical high-grade goldfield and open-pit mine with eight mining leases and five exploration permits over an area spanning 377km². The company commences drilling in March/April with a pipeline of high-grade targets along a previously overlooked 30km trend. Pacgold listed in July 2021, raising \$6mn at an issue price of \$0.25/share and market capitalisation at listing of \$13.7mn. The company has subsequently raised an additional \$3.2mn via a five-for-48 underwritten, pro-rata, non-renounceable entitlement offer at \$0.63/share and an accompanying \$7.8mn share placement to new and existing sophisticated and institutional investors at the same price. Pacgold now has four institutional shareholders on its register – Resource Capital Funds, Acorn Capital, Lowell Resources Funds Management, and Altor Alpha Fund – which combined hold more than 20% of the company. Pacgold ended December 2022 with \$5.7mn cash-in-hand which is sufficient for the current drilling programme.

Project description

Pacgold is progressing its flagship operation, the Alice River gold project, 300km north-west of Cairns in far north Queensland. The geology in the region is characterised by significant epithermal gold mineralisation. Historically, the Alice Queen open pit, under which the Central Target zone sits, produced ~30koz at 5.6g/t Au in the 1990s. Drilling results have confirmed the prospectivity of the project, with the initial focus on the Central Target F1a zone where four high-grade gold shoots have been identified within granted mining leases, with mineralisation defined over 800m strike and over 500m depth, open in all directions. Results included 17m at 9.3g/t Au from 192m (including 3m at 25.3g/t Au) and 43m at 3.0g/t Au from 214m including 6m at 17.5g/t Au. In addition, a more recent IP geophysics survey and an initial shallow diamond drilling programme have defined the Southern Target gold system, located 2km south of the Central Target. Shallow historical drilling on the Southern Target returned 8m at 55.9g/t Au from 18m, 18m at 4.6g/t Au from 16m and 4m at 22.7g/t Au from 32m. Pacgold's first two shallow diamond holes confirmed a strong correlation with the Central Target mineralisation model and similar results to historical drilling with 4.4m at 3.3g/t Au from 33.6m including 1m at 11.2g/t Au and 15m at 2.0g/t Au from 64m including 3m at 6.9g/t Au.

Drilling programme to add definition to the targets

Pacgold has identified 9km of priority targets and will focus on resource step-out drilling on the Central Target zone and drilling of the Southern Target gold system. IP geophysics data over regional prospects including the Northern Target will also be a focus in the current quarter. The company recently announced that its initial metallurgical programme at Alice River achieved excellent gold recoveries from conventional carbon-in-leach processing. Metallurgical recoveries averaged 93.3% from the Central Target's F1a zone with almost half of the gold recovered via simple gravity separation. The company plans to continue the metallurgical test work later in 2023 in tandem with the drilling programme.

Well positioned to develop its flagship asset

With five mining leases already in place over the Alice River gold project, Pacgold is well positioned to fast-track mine development. Longer-term fundamentals appear to be supportive of a stronger gold price which will likely add to the business development case of this project.

Share Details

ASX code	PGO
Share price (24-Feb)	\$0.37
Market capitalisation	\$24.7M
Number of shares	66.8M
Total unlisted options on issue	9.9M
Net cash at 31-Dec-2022	\$5.7M

Share Price Performance (12 months)



Upside Case

- Strong institutional support with four funds on the register
- Drilling programme from April confirms a massive high-grade gold mineralised structure
- Mining leases in place will speed up the path to commercialisation

Downside Case

- Drilling programme fails to define a significant resource
- Company becomes target for majors before shareholders realise a sufficient return
- Falling gold price would potentially impact investment case

Catalysts

- Results from drilling programme commencing in March/April
- Delivery of JORC resource
- Progression to pre-feasibility study and environmental impact studies

Comparative Companies (Australia & NZ)

FAL, BGD, BNR, HAW, VKA, WGR, FG1

Company Contact

Tony Schreck (MD) +61 419 683 196
tschreck@pacgold.com.au

RaaS Contacts

Andrew Williams +61 417 880 680
andrew.williams@raasgroup.com
Finola Burke +61 414 354 712
finola.burke@raasgroup.com

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- **who we are**
- **our services**
- **how we transact with you**
- **how we are paid, and**
- **complaint processes**

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- **provide general advice to retail and wholesale clients in relation to**
 - **Securities**
- **deal on behalf of retail and wholesale clients in relation to**
 - **Securities**

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.

BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2023 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.