

Pancon Executes Mining Lease with Option to Purchase the Former Brewer Gold Mine in South Carolina, USA

Toronto, Ontario--(Newsfile Corp. - March 2, 2020) - Pancontinental Resources Corporation (TSXV: PUC) ("Pancon" or the "Company") announced that the Company has executed, with the Brewer Gold Receiver LLC (the "Receiver") an exclusive Mining Lease With Option to Purchase ("Option Agreement") the highly prospective former Brewer Gold Mine property ("Brewer"). Brewer is located 12 kilometers northeast along trend from the producing Haile Gold Mine on the gold-rich and underexplored Carolina Slate Belt in South Carolina, USA.

Pancon's President & CEO Layton Croft stated: "In October 2019 we submitted our proposal, in cooperation with Environmental Risk Transfer LLC ("ERT"), to explore and possibly purchase Brewer. In January 2020 we were selected by the Receiver, the South Carolina Department of Health and Environmental Control ("SC DHEC") and the U.S. Environmental Protection Agency ("US EPA"). In February we finalized our Option Agreement, based on our winning proposal. We now intend to commence exploration work, with our initial phase of drilling to be completed this summer. We are pursuing a multi-million AuEq ounce high-grade gold-copper resource between 300-600 meters below surface. Our immediate goal is to discover significant new gold-copper mineralization in 2020. ERT, meantime, brings unmatched integrated financial, operational, technical and risk management expertise to define, mitigate and contain environmental and financial liability."

Brewer has not been explored since 1997. Pancon's team includes the exploration and economic geologists who: (i) discovered Brewer's near-surface high-grade oxide gold mine that produced 178,000 ounces in the 1980s-1990s; (ii) discovered the near-surface high-grade Buzzard Gold Project, on trend less than a kilometre southwest of Brewer, in the 1990s; and (iii) intersected near-surface gold mineralization at Pancon's Jefferson Gold Project, on trend less than a kilometre northeast of Brewer, in 2016-17. Pancon's 100%-owned Jefferson Gold Project (1,758 acres/711 hectares) surrounds Brewer (996 acres/403 hectares) on all sides.

The Option Agreement is effective as of March 1, 2020, with an initial option term of 18 months commencing on April 1, 2020. If Pancon spends US\$2 million to conduct exploration and environmental due diligence during the initial term, the Company can extend the option term for an additional 18 months and exercise its option to purchase at any time within the option term. During the option term, Pancon will implement the exploration program and engage ERT - an industry leader providing complex environmental risk-transfer solutions to cost-effectively eliminate environmental liabilities - to implement the environmental due diligence required to determine the Superfund liability at Brewer. Pancon can terminate the Option Agreement after spending US\$500,000.

According to the Option Agreement, there will be two components of the purchase price if Pancon exercises its option to purchase:

- 1) the cost of an environmental remedy and financial assurance for owning all environmental liability at Brewer to date, which will be a number based on ERT's environmental due diligence during the option term that informs upcoming negotiations with the Receiver, US EPA and SC DHEC; and
- 2) half of total past costs incurred by SC DHEC and US EPA to clean and manage Brewer since 2000, which, according to Pancon's and ERT's winning proposal, will be paid after future mining operations are commissioned, in ten annual installments of 10%, and conditioned on the future mine operator's ability to pay based on a profit formula to be determined by the parties.

These two components will be finalized in a Purchase and Sale Agreement, which will supersede this Option Agreement, and which will be informed by ERT's environmental due diligence and ERT's and Pancon's negotiations with the Receiver, US EPA and SC DHEC.

About Brewer

Gold was discovered at Brewer in the 1800s. Between 1987-1995, the Brewer Gold Company ("BGC"), a U.K.-owned entity, produced 178,000 ounces of oxide gold from open pits that extended to 50-metre depths, where copper and gold-rich sulfides were exposed but could not be processed by BGC's oxide heap leach processing facility. Brewer is a high sulphidation system driven by a sub-volcanic intrusive and possibly containing a large copper-gold porphyry system at depth, as indicated by: widely known prospective geology, including diatreme breccias; associated high sulphidation alteration; gold and copper mineralization; and geophysics (*Schmidt, R.G., 1978, The Potential for Porphyry Copper-Molybdenum Deposits in the Eastern United States, U.S. Geological Survey*).

BGC mined more than 12,000,000 tons of mineralized material and waste rock from two open pits until 1995, when mining operations ceased. From 1995-1999, BGC performed initial reclamation activities under the direction of SC DHEC. BGC was unsuccessful in achieving the goal of a fully-reclaimed, clean site, and ultimately informed SC DHEC that it intended to abandon the site. In 1999, BGC abandoned the site, leaving SC DHEC and US EPA to handle reclamation activities and address conditions posing environmental risk. In 2005, Brewer was designated a US EPA Superfund site as per the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA").

BGC's abandonment of the property left the Department and US EPA with no options for addressing water quality threats from the site other than using the CERCLA response actions funded by US EPA and SC DHEC. SC DHEC and US EPA retained

access to the property for purposes of constructing, operating, and maintaining the wastewater treatment plant and otherwise carrying out the CERCLA remedy, however they did not have the legal authority to manage long-term access to the property for other purposes or to make decisions concerning other uses or final disposition of the property, including exploration and future mining of Brewer.

SC DHEC, with US EPA's support, sought appointment of a temporary receiver to manage access to the property for interested third parties. Such a receiver would have the authority to facilitate leasing, sale, or other use or disposition of the abandoned property, including potential renewal of mining exploration and development at the property, and would promote resolution of SC DHEC and US EPA's action to address continued environmental threats at the site. The Court of Common Pleas for the Fourth Judicial Circuit of South Carolina granted SC DHEC's request and appointed the Brewer Gold Receiver LLC on February 4, 2019.

About ERT

In response to increasing shareholder and stakeholder demands for increased environmental stewardship and responsibility, as well as a state and federal regulatory focus on site closure in connection with financial and environmental liability, the [Waterfield Group](#) and [Environmental Operations, Inc. \(EOI\)](#) created Environmental Risk Transfer LLC (ERT) to provide complex environmental risk-transfer solutions to corporations that wish to cost-effectively eliminate all environmental liability. In this situation ERT would assume the long-term risks associated with the Superfund liability.

By offering integrated environmental experience with innovative financial products, ERT provides clients with best in class solutions that define, mitigate and contain environmental and financial liability. ERT identifies and assumes environmental risk, typically through acquiring the contaminated real estate and providing the Seller with a collateralized indemnity. ERT offers risk assumption services to Fortune 500 corporations, real estate developers, municipalities, county governments, general contractors, utilities, industries, manufacturers, bankers, and attorneys. ERT's affiliates also provide environmental consulting and contracting services, as well as regulatory compliance, demolition, waste management, and industrial hygiene engineering.

ERT's ongoing success at Missouri Cobalt LLC - a former and current US EPA Superfund site now owned and operated by an ERT affiliate - has won praise from the US EPA as a positive example of transforming formerly contaminated sites into hubs of economic activity promoting redevelopment and community revitalization. EPA Administrator, Andrew Wheeler, visited the Missouri Cobalt mine site on July 31, 2019 to commemorate the 20th Anniversary of the Superfund Redevelopment Initiative.

About Pancon

Pancon is a Canadian-based junior mining exploration company focused on the prolific and underexplored Carolina Slate Belt in South Carolina, USA. Pancon's 100%-owned Jefferson Gold Project surrounds the former Brewer Gold Mine, located 12 km along trend northeast from the Haile Gold Mine, which produced 131,819 ounces of gold in 2018. In addition, Pancon has four nickel-copper-cobalt projects in Northern Ontario, surrounding or near producing or former mines in proven and safe mining districts.

Qualified Person

The technical information in this news release has been prepared in accordance with Canadian regulatory requirements as set out in NI 43-101 and reviewed and approved by Richard "Criss" Capps, PhD, RPG, SME REG. GEO, a Qualified Person as defined by NI 43-101.

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For additional information please visit our new redesigned website (www.panconresources.com) and our Twitter feed: [@PanconResources](https://twitter.com/PanconResources).

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This news release contains forward-looking information which is not comprised of historical facts. Forward-looking information is characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, and opportunities to differ materially from those expressed or implied by such forward-looking information. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, changes in the state of equity and debt markets, fluctuations in commodity prices, delays in obtaining required regulatory or governmental approvals, and other risks involved in the mineral exploration and development industry, including those risks set out in the Company's management's discussion and analysis as filed under the Company's profile at www.sedar.com. Forward-looking information in this news release is based on the opinions and assumptions of management considered reasonable as of the date hereof, including that all necessary governmental and regulatory approvals will be received as and when expected. Although the Company believes that the

assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information. The Company disclaims any intention or obligation to update or revise any forward-looking information, other than as required by applicable securities laws.



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