



President’s Newsletter

Exploration Update

After completing drill programs at the **Red**, **Wildcat** and **Kitimat** properties, PEMC mobilized to the Toadogone district in north-central British Columbia where PEMC’s 100 % owned **Copper King** and **Nub East** properties are located.



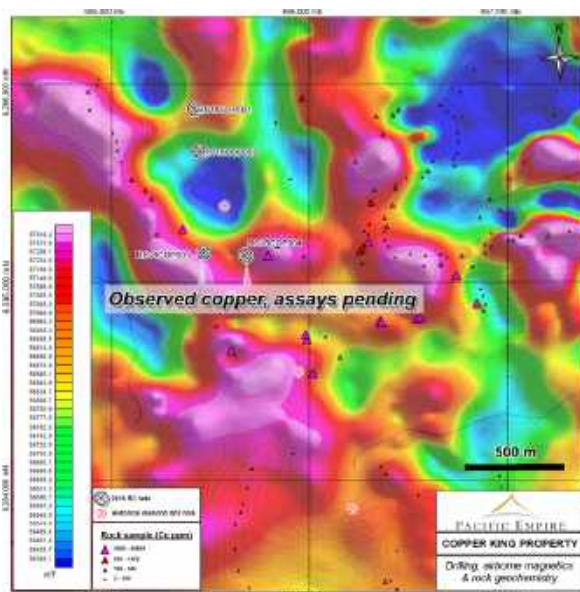
2018 RC Drilling at the Copper King Property

A four hole, 459 metre RC drill program was completed at the **Copper King Property**, located approximately 35 km southeast of Centerra Gold’s Kemess Underground and Kemess East Projects.

Drilling was focused on the "North Valley Target Area" at the northern portion of the property. Two areas were tested with holes ranging from 82 to 148 metres.

Two of the four holes drilled encountered visible chalcocite mineralization associated with strong epidote-clay alteration over variable widths. Following on-site preliminary analysis with PEMC’s portable XRF analyzer, two of the four holes were selected and sent to Met-Solve Laboratories Inc. in

Langley, British Columbia for further detailed analysis. Assay results are pending.



2018 RC Drill Locations at the Copper King Property

The presence of scattered porphyry intrusions, a regional scale unconformity and widespread, relatively low temperature copper mineralization at surface supports an exploration strategy analogous to that employed at the Kemess Underground and Kemess East Projects. PEMC will be pursuing a like-minded partner to advance the **Copper King** beyond that which RC drilling has done thus far.

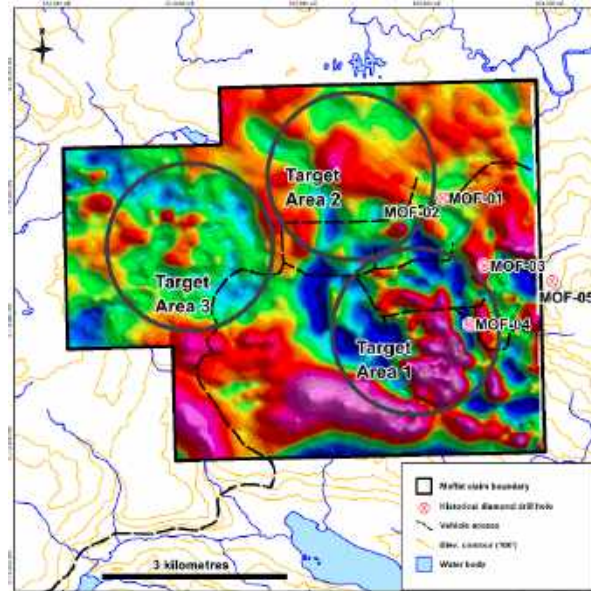
The planned 2018 RC drilling program on PEMC’s **Nub East Property** was not completed due to the proximity of the Gower Lake Wildfire to the proposed area of exploration. The Chief Gold Commissioner of British Columbia recognized the proximity of the wildfire threat and has granted the Company a one-year extension of time to complete exploration and development activities on the property.

PEMC looks forward to continuing with further exploration on the property during the 2019 exploration season.

Analytical results from the July 2018 **Kitimat Property** RC drilling program have been received. The program consisted of 5 holes totaling 326.1 metres, with holes ranging from 27.4 to 120.4 metres in depth. The purpose of the program was to confirm and potentially build upon historical drill results from the Jeannette Zone, as well as to test additional exploration targets away from the Jeannette Zone. The 2018 RC drilling results did not replicate historical drill results in the Jeannette Zone.

PEMC considers the Jeannette Zone adequately tested and will evaluate the Bowbyes target area for possible RC drill testing in 2019. The Bowbyes target area is a roughly 1,200 by 800 metre zone of anomalous copper-in-soil geochemistry coincident with numerous mapped feldspar porphyry dikes and extensive quartz-sericite-pyrite alteration in the area of "Gossan Creek".

PEMC has recently mobilized its drill crew to the **Moffat Property** where RC drilling is now underway.



2018 Target Areas at the Moffat Property



PEMC Crew at the Moffat Property

The Moffat Property is situated approximately 20 km southeast of the Woodjam Cu-Au-Mo developed prospect in south-central British Columbia. The program will be expanding upon historical drilling results while testing targets outlined from an airborne magnetic survey flown over the property by PEMC in May of 2018.

PEMC has an exploration permit to complete up to 25 RC drill holes and has prioritized three target areas for RC drilling this year.

Preliminary reconnaissance on PEMC's **Bulkley Initiative** properties, consisting of the **Bulkley**, **Wasp** and **Bull's Eye** properties has now been completed. This work consisted of evaluating existing assess and preliminary seismic surveys in order to determine relative depth to bedrock in areas of interest for 2019 RC drilling.

PEMC has now completed RC drill programs on four of its properties during 2018, while partner-funded drilling continues on the **Stars Property**. While PEMC recognizes that not all drill programs will yield positive results we are pleased with the initial results from the **Copper King** and **Stars** properties and believe that if we can maintain and build upon this foundation and continue to test additional targets, PEMC will be in a strong position as a copper explorer.

2018 Partner Funded Exploration

Ongoing partner-funded drilling at the Stars Project in west-central British Columbia continues to build upon previous exploration successes, with recent drill results including an intercept of 405.38 metres of 0.26% copper equivalent in diamond drill hole DD18SS010 (see *ML Gold Corp. News Release dated August 28, 2018*). Of notable significance, with regard to drill hole DD18SS010, is the fact that copper mineralization is hosted in a previously undiscovered feldspar porphyry intrusion, which will now serve as a useful guide towards further and potentially higher-grade copper mineralization. ML Gold Corp. ("ML Gold") recently announced that they have continued the drilling campaign targeting the newly identified porphyry and the related fluid conduit responsible for copper mineralization on the Stars project.

Previous drilling at the Stars project by PEMC's partner ML Gold focused on two areas, the Central Zone and Zone 4. Hole 10, which was drilled to the south and perpendicular to Zone 4 was successful in intersecting a feldspar porphyry intrusion with consistent, disseminated copper and molybde-

num mineralization.

PEMC looks forward to this next phase of partner-funded drilling at the Stars Property. Under the terms of the agreement between ML Gold and PEMC, PEMC will maintain a 20% carried interest to a Pre-Feasibility Study, if ML Gold exercises their earn-in option. Under the terms of the agreement, dated November 20, 2017, PEMC has received 100,000 common shares of ML Gold and a \$10,000 cash payment.

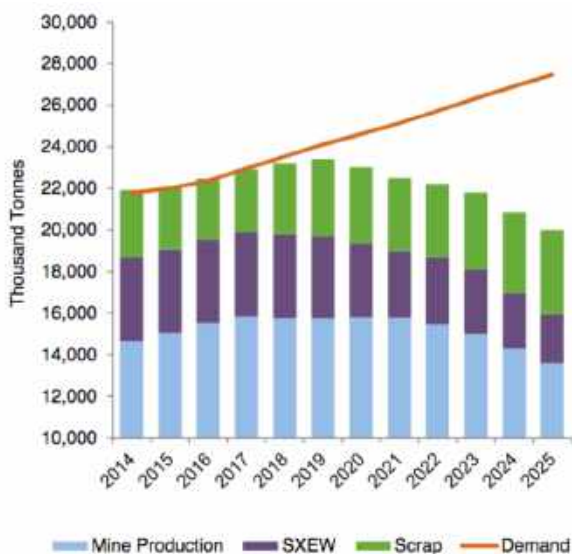
Copper Outlook

Demand for copper is wide-ranging and increasing across electrical applications, communications equipment, construction, transportation, and industrial machinery.

Although copper prices have declined over the past three months as President Donald Trump upends global trade with disputes involving multiple nations, most critically with China, in the longer term, the general consensus among analysts is that prices will have to rise because the metal is getting much more difficult to find and more expensive to mine.

Miners and analysts have a bullish outlook and see a supply shortage looming as urbanization and the rise of renewable energy and electric vehicles fuels the worlds need for the metal.

PEMC continues to believe that copper is the metal of the future and remains bullish on the future for copper due to a lack of investment in exploration and development combined with the growing demand for copper due to increased electrification associated with "clean energy".



Source: Wood Mackenzie, CRU, ICSG, Tech

Mine Production Peaks in 2019

Exploration 101 - Reverse Circulation Drilling

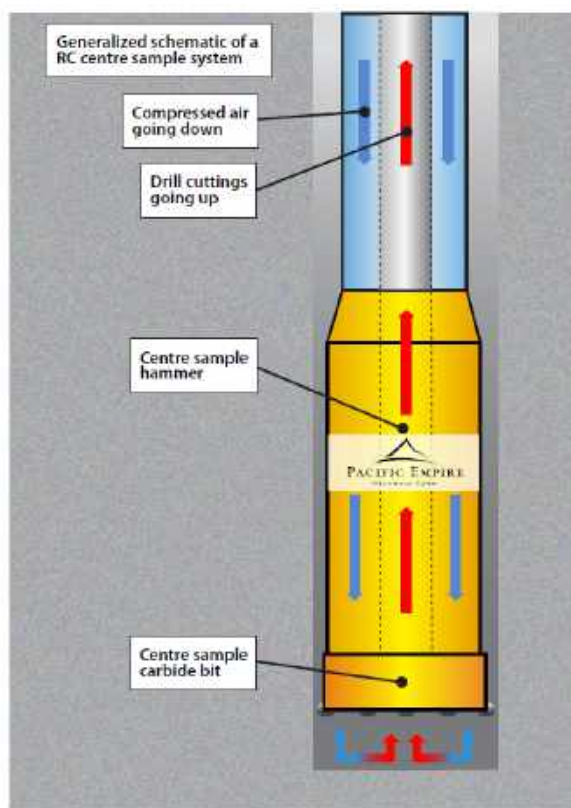
Reverse Circulation or RC drilling is one of the most frequently used methods of drilling used across the world as it is more cost effective and efficient than other methods of drilling.

RC drilling uses a bit attached to a down-hole hammer to produce a hole. Unlike diamond drilling, RC drilling produces samples of rock cuttings rather than a sample of rock core. The down-hole hammer is powered by compressed air, which also acts as the medium bringing the drill cuttings up to surface.

RC drilling uses rods with inner and outer tubes. With the configuration used by PEMC, compressed air travels down the outer tube to the drill bit where it is returned to the surface with the cuttings traveling up the inner tube.

Once the cuttings reach the surface they are collected at five foot intervals and placed in sample bags for further analysis and shipping. Each sample is labeled with information such as property name, hole number and depth of sample. PEMC geologists then take a representative sample from each interval and conduct a preliminary analysis with the Company's XRF analyzer.

By combining real-time XRF analysis with RC drilling PEMC is able to save on unnecessary laboratory costs and is able to gather information that will aid in real-time targeting with the RC drill.



Centre-Sample RC Drilling System

Other Items

- **PEMC will be exhibiting and presenting at the 2018 121 Investment Conference in New York from October 4th to October 5th [Click here](#)**
- **PEMC will be exhibiting at the 2018 New Orleans Investment Conference in New Orleans from November 1st to November 4th [Click here](#)**
- **Follow us on Twitter [Click here](#)**
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On behalf of the Board of Directors I would like to thank all of our shareholders for their continued support.

Sincerely,

"Brad Peters"
President & CEO



National Instrument 43-101 Information

The disclosure of technical information in this newsletter has been approved by the Company's Vice President of Exploration, Rory Ritchie, P. Geo., a "qualified person" for the purpose of National Instrument 43-101, *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators ("**NI 43-101**"). Mr. Ritchie has verified the data disclosed, including sampling, analytical and test data, underlying such technical information by reviewing and approving all corresponding scientific and technical data relevant to this newsletter.

Quality Assurance and Quality Control

We have implemented quality assurance and quality control measures in our exploration programs.

Field work is conducted under the direct supervision of a Qualified Person. Data is accurately recorded in the field and all data points are located with respect to known reference points. The exploration process (including planning, mapping, sampling, sample preparation, sample security and analysis or testing) is carefully documented and accompanied by a detailed record setting out the procedures followed and the results obtained.

All sampling programs are carried out in a careful and diligent manner using scientifically established sampling practices designed and tested to ensure that the results are representative and reliable. Quality control programs appropriate to the type of sample and the mineralization are implemented, including such measures as external blanks, standards and duplicate samples. The security of samples from sample acquisition to analysis is a vital component of the sampling process. Procedures include the use of secure core logging, sampling, storage and preparation facilities as appropriate and the prompt, secure and direct shipping of samples to the laboratories. Appropriate sample security procedures are employed given the geographic and topographic conditions and the logistics created by the site location.

Our exploration procedures are developed to conform to current "best practices" in mineral exploration.