



The investment merits of the River Valley Project

Prepared for Pacific North West Capital Corp.

JANUARY 2015

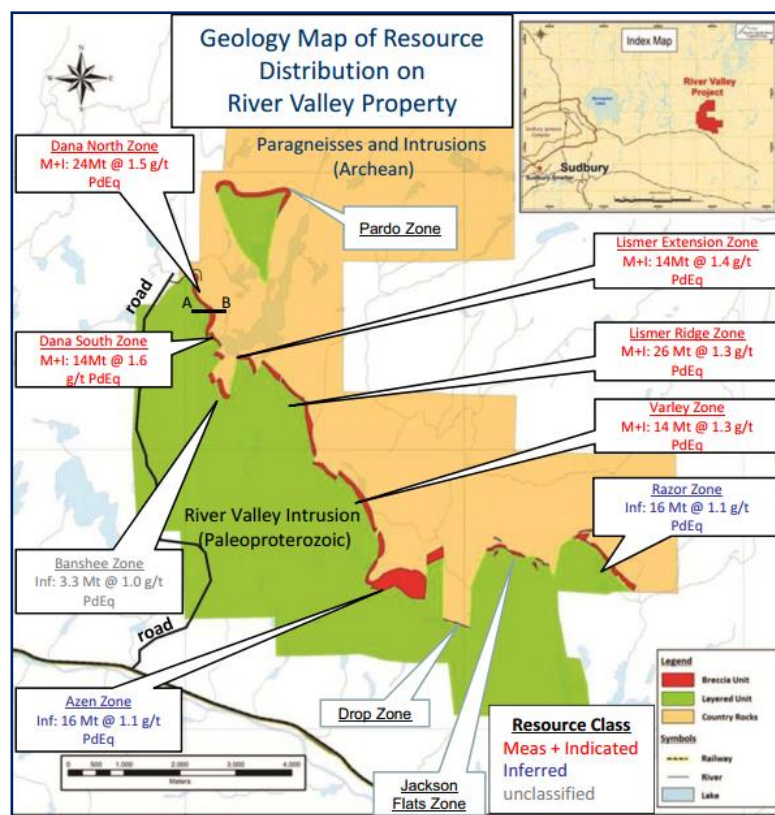


PGM explorer with assets near Sudbury

PFN at a glance

- Pacific North West Capital Corp. (PFN) is a **platinum group metal (PGM) junior exploration company based in Canada** with offices in Vancouver and Toronto.
- PFN has **100% ownership of the River Valley PGM Project**, one of the largest undeveloped primary PGM resources in Canada.
- River Valley is located **within 100 km of world class metal recovery facilities** in the city of Sudbury.
- Resources are **near-surface and road accessible**, with power and rail infrastructure nearby.
- Management and technical team with **PGM exploration and operations experience** in major companies.

Location



History

- **1998:** Outcrop discovery by prospectors.
- **1998:** PFN and prospectors sign deal.
- **1999:** Anglo Platinum signs Option-JV agreement with PFN.
- **2000:** Drill hole discovery.
- **2008:** Anglo earned-in for 50%.
- **2010:** PFN acquires Anglo's interest.
- **2011-12:** PFN raises \$5 m for 17,200m drill program and expands landholding.
- **2012:** NI43-101 Mineral Resource Estimate.
- **2013:** Phase 1 Metallurgical Study completed.
- **2014:** Seeking strategic partner.

Major shareholders

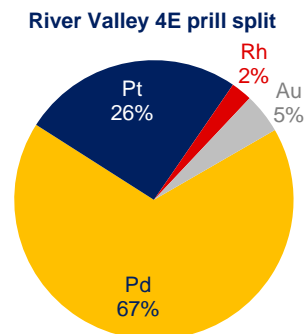
Management & Insiders	15.80%
Anglo Platinum (Kaymin Resources)	5.80%
Stillwater Mining	4.10%

Pd-rich metal suite with smelter payable by-products

- NI43-101 compliant resource:**

- Measured plus indicated resources total 91.3 Mt at a grade of 0.86 g/t Pt+Pd+Rh+Au (4E), and comprising 2.5 Moz 4E.
- Inferred resources total 35.9 Mt at a grade of 0.54 g/t 4E.

	Mt	Pt+Pd+Rh+Au (g/t)	Ag (g/t)	Cu (%)	Ni (%)	Co (%)
Total Measured	25.58	0.92	0.55	0.06	0.02	0.003
Total Indicated	65.75	0.83	0.26	0.06	0.02	0.002
Total M+I	91.34	0.86	0.34	0.06	0.02	0.002
Total Inferred	35.91	0.54	0.11	0.06	0.03	0.002



- Thick deposit (>30 m):**

- Possibly amenable to highly mechanised practices (cost efficient, less labour intensive, safer).

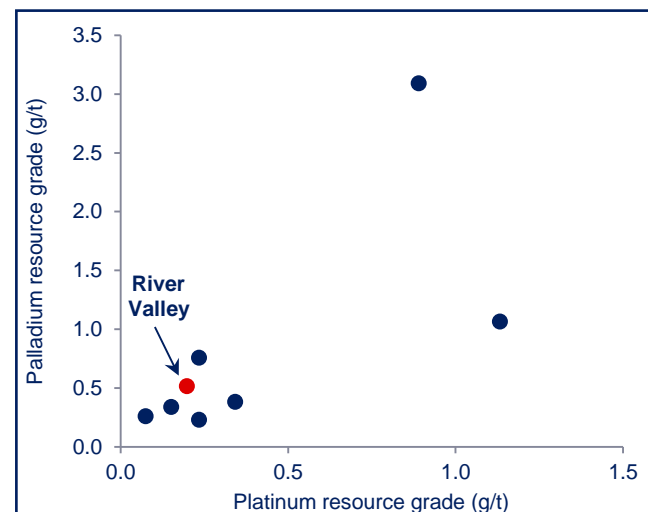
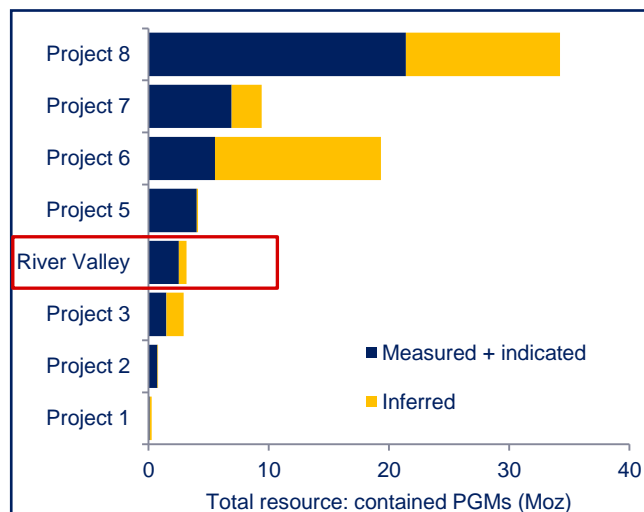
- Attractive metal suite:**

- Primary PGM deposit with a weighting to palladium.
- Nickel and copper present.

- Near surface:**

- Resource defined to just 400 metres below surface (mbs) and an average drilling depth of just 200 mbs. Open to expansion.

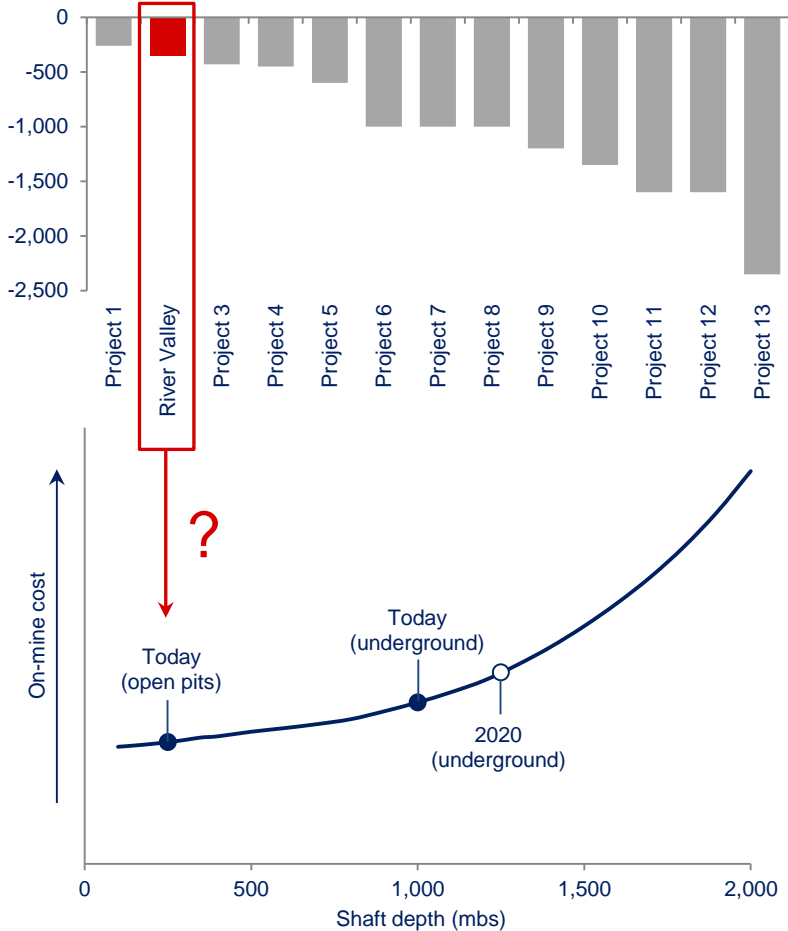
Resource comparison: North American projects



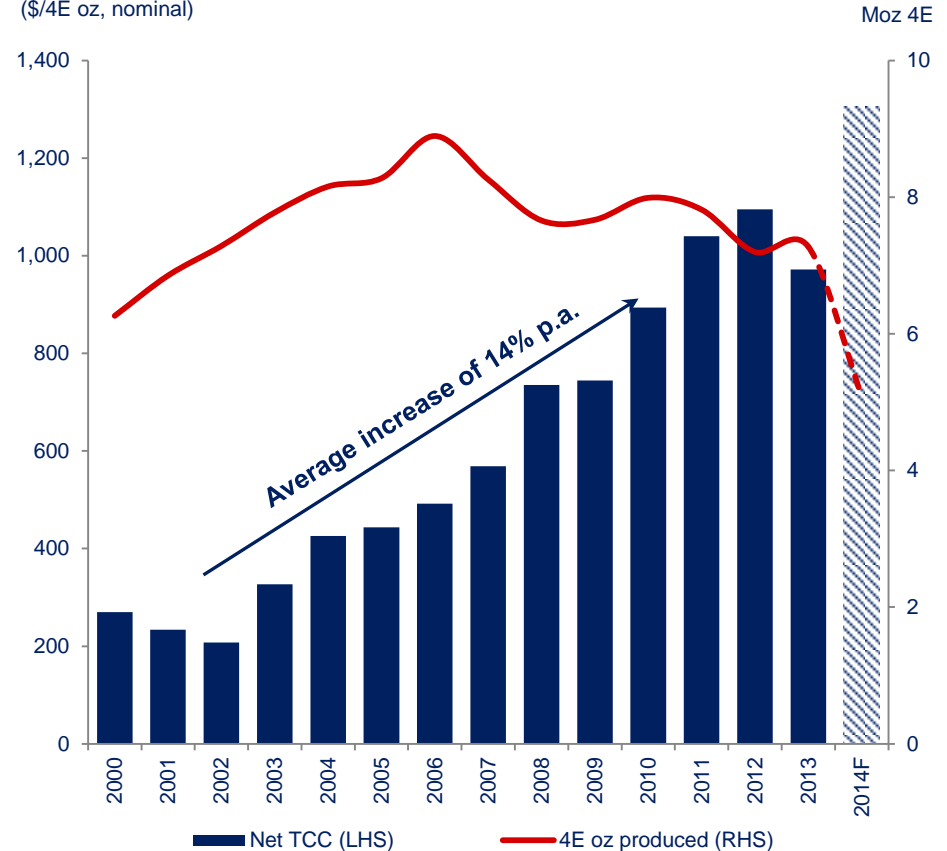
Source: SFA (Oxford), PFN Capital

Shallow deposit could yield competitive cost ranking

Maximum resource depth: global projects (mbs)



South African weighted average costs and production (\$/4E oz, nominal)



Scope for long term value creation near Sudbury

Asset

NI43-101 compliant resource.
 Attractive metal suite: primary PGM deposit.
 Other likely smelter payable metals: Au, Cu, Ni.
 Advanced exploration stage: maximise advantage of higher PGM prices in the future.
 Thick deposit: possibly amenable to highly mechanised practices.
 Near surface.

Company

100% ownership of River Valley.
 70-100% stakes in two other tracts.
 Management and technical team with PGM exploration and operations experience in major companies.
 Downstream relationships (Amplats/Stillwater shareholders).

Competitive advantages

Region

Pro-mining jurisdiction.
 Skilled and qualified workforce.
 Excellent infrastructure.
 Ni-Cu-PGM mining legacy in Ontario.
 Access to capital markets (Toronto).
 Low risk operating environment (good safety record).

Opportunities

Cost advantage over mature SA.
 Capital efficiency: open pit potential; proximity to Sudbury (processing optionality).
 Long term growth: acquisition/consolidation of Cu-Ni-PGM projects in Ontario.
 Involvement of SA Majors in Sudbury region: Lonmin, Impala.

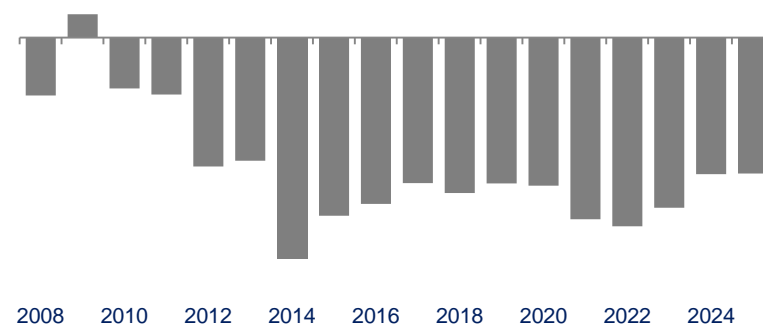
Canada is a lower risk area for mining

		Canada	South Africa	Russia	United States	Zimbabwe
GDP	US\$ billion (2013)	1,825.10	350.1	2,118.00	16,799.70	13
	US\$ per capita (2013)	51,989	6,620	14,818	53,101	987
	% of world total (2013)	2.5	0.5	2.9	22.7	0.02
Inflation	CPI y-o-y % (2013)	0.9	5.3	6.8	1.5	1.7
Global competitiveness	Score (Low est 1-7 highest)	5.2	4.4	4.3	5.5	3.4
	Rank out of 148 countries	14	53	64	5	131
Protection of property rights	Score (Low est 1-7 highest)	6	5.6	3	5.2	2.6
	Rank out of 148 countries	6	20	133	33	142
Transparency of government policy making	Score (Low est 1-7 highest)	5.1	4.6	3.8	4.4	3.9
	Rank out of 148 countries	16	35	101	48	88
Strength of investor protection	Score (Low est 1-10 highest)	8.7	8	4.7	8.6	4.3
	Rank out of 148 countries	4	10	100	6	107
Quality of overall infrastructure	Score (Low est 1-7 highest)	5.8	4.5	3.8	5.7	3.2
	Rank out of 148 countries	15	63	93	19	122
Quality of educational system	Score (Low est 1-7 highest)	5.2	2.1	3.5	4.6	4.3
	Rank out of 148 countries	10	146	85	25	42

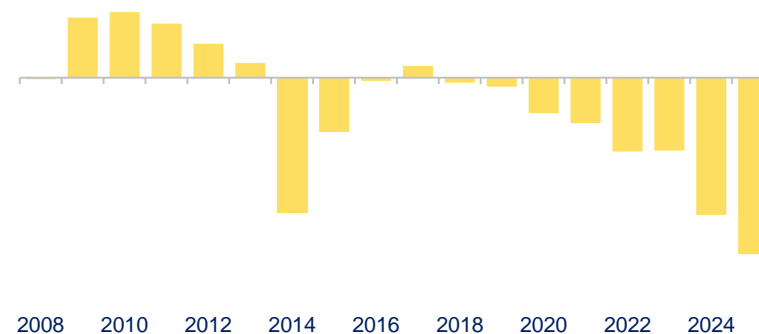
Demand pull amid shrinking SA supply leads to large deficits

- As a result of the mineworkers' strike in South Africa, **all PGM markets are forecast to be in deficit in 2014.**
- South African palladium production has decreased by an average of 2.1% p.a. (3.0% p.a. for Pt) from a peak of 2.7 moz (5.3 moz Pt) in 2006.
- The ongoing labour unrest and changing political landscape, combined with the potential failure of new shafts to ramp-up on target, further high cost shaft closures, and reserve depletion are all risks to supply that could serve to maintain this downward trend.
- The palladium market is forecast to continue destocking at a rapid rate,** to the point where extreme price volatility is likely before the end of the decade unless there is a feedback effect from reduced demand and a dramatic increase in recycling.
- Rising vehicle production in emerging markets, as well as increasingly strict emissions legislation in a number of regions, will be responsible for almost a 3 moz increase in palladium demand over the next ten years.
- Long term structural market deficits for palladium should **easily absorb a large scale River Valley production scenario.**

Pd supply-demand balance



Pt supply-demand balance



Steve Forrest Associates ('SFA'), the trading name of SFA (Oxford) Limited, has made all reasonable efforts to ensure that the sources of the information provided in this document are reliable, and the data reproduced are accurate at the time of writing. The analysis and opinions set out in the document constitute a judgment as of the date of the document and are subject to change without notice. Therefore, SFA cannot warrant the accuracy and completeness of the data, and analysis, contained in this document. SFA cannot be held responsible for any inadvertent occasional error, or lack of accuracy or correctness. SFA accepts no liability for any direct, special, indirect, or consequential losses or damages, or any other losses or damages of whatsoever kind, resulting from whatever cause through the use of, or reliance on, any information contained in the report. The material contained herein has no regard to the specific investment objectives, financial situation or particular need of any specific recipient or organisation. It is not to be construed as a solicitation, or an offer to buy or sell any commodities, securities or related financial instruments. The recipient acknowledges that SFA is not authorised by the Financial Services Authority to give investment advice. The report is not to be construed as advice to the recipient or any other person as to the merits of entering into any particular investment. In taking any decision as to whether or not to make investments, the recipient and/or any other person must have regard to all sources of information available to him. This report is being supplied to the recipient only, on the basis that the recipient is reasonably believed to be such a person as is described in Article 19 (Investment professionals) or Article 49 (High net worth companies, unincorporated associations etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

© Copyright reserved. All copyright and other intellectual property rights in any and all reports produced from time to time remain the property of SFA, and no person other than SFA shall be entitled to register any intellectual property rights in any report, or claim any such right in the reports, or the information, or data on the basis of which such reports are produced. No part of any report may be reproduced or distributed in any manner without the written permission of SFA. SFA specifically prohibits the redistribution of this document, via the internet or otherwise, to non-professional or private investors, and accepts no liability whatsoever for the actions of third parties in reliance on this report.

