

Ticker: PDI AU
Market cap: A\$202m

Pro-forma Cash: A\$28m
Price: A\$0.15/sh

Project: Bankan Ck / NE
Country: Guinea

RECOMMENDATION (unc): BUY

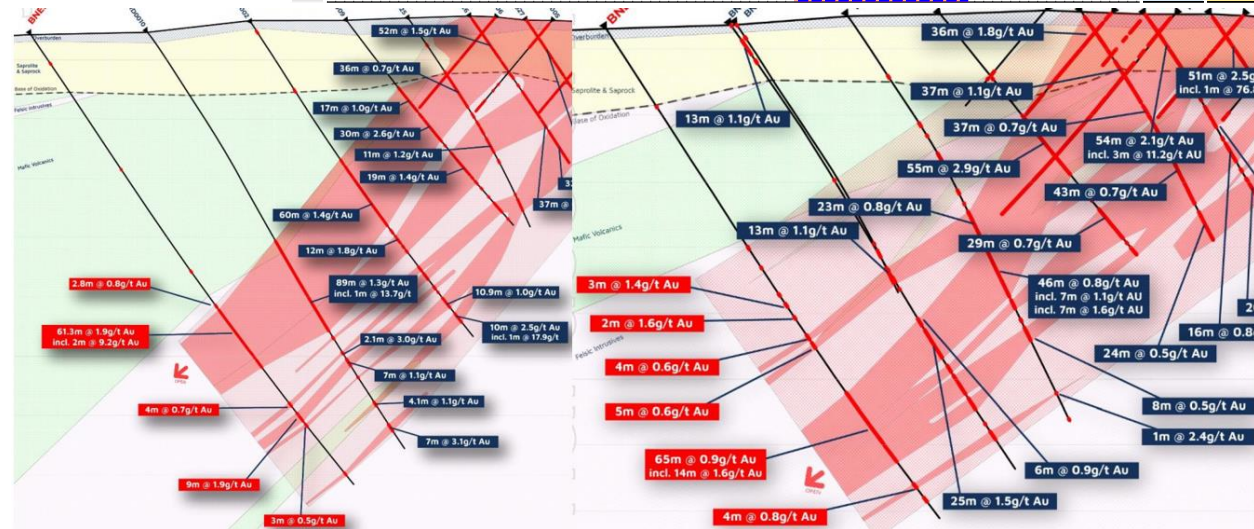
TARGET (up): A\$0.21/sh

RISK RATING: VENTURE

This week's drilling extended the roots of Bankan NE ~100m to the north, maintaining the exceptional thickness at ~84m true thickness, with 1.8g/t across the entire composite immediately north of the high-grade core, dropping to 0.9g/t 80m north of that. With the higher grade hole inside our existing resource estimate, our total lifts from 1,835koz to 1,844koz for Bankan NE only (ie excluding Bankan Ck). While we haven't done a resource estimate, Bankan Creek is no slouch either as today's 26m @ 4.3g/t comes ~100m below prior hole 58m @ 1.4g/t showing far more than just a high grade starter pit which we had it down for in our thinking prior to today. With only a single hole pending pre MRE, we are confident for a maiden >1Moz, hopefully >1.5Moz, with a fighting chance at >2Moz, all the more given our estimate doesn't take account of the gentle dip that could add >40% down-plane compared to vertical. **We maintain our BUY rating and 0.4xNAV_{5%-1850} multiple, lifting our PT from A\$0.20/sh to A\$0.21/sh based on a slightly larger endowment and weaker AUD.** Even at 2.25Mtpa our inventory estimate supports a 14-year life at ~100koz pa, hence the next 'step change' to the upside would logically come from upsizing the operation, which we will consider post MRE, including metallurgical results expected ahead of that.

Figure 1. (A) SCPe old vs new (blue squares) at Bankan NE, and (B) sections showing new drilling

Bankan NE	SCPe Old	SCPe New	0	25	50	75	100	125	150	175	200	225	250	275	300	325	350	375	400	425	450	475	500	525	550	575	600	625	650	675	700	725	750	775	800	825	Ounces	Oz/m
25x25m blocks (#)	346	355	-25	20	25	25	27	30	31	35	40	44	50	60	60	70	80	100	100	120	110	95	83	80	80	87	87	95	101	90	60	43	60	50	20	20	98,361	3,934
SG incl. ~50m oxide	2.5	2.5	-50	20	25	25	27	28	31	44	40	71	50	60	65	70	100	125	151	150	150	152	140	100	288	250	100	115	95	70	187	50	25	17	20	141,714	5,669	
Average grams.meters	105.3	103.1	-75	20	25	25	25	27	31	44	43	72	55	60	70	60	100	168	168	145	130	170	170	125	88	105	115	127	100	75	45	30	25	20	20	123,730	4,949	
Ounces <425m	1,835	1,844	-100	20	20	25	23	35	36	40	43	55	600	70	100	135	168	168	140	120	90	130	157	157	140	135	130	115	100	55	25	20	20	20	156,484	6,259		
Implied grade at 79m TT	1.35	1.3	-125				36	25	30	36	36	55	55	60	80	100	176	150	130	110	110	135	157	157	155	150	140	100	55	25	20	20	23		116,948	4,678		
Implied tonnes	42.4	43.5	-150				37			25	50	50	50	55	60	80	100	120	120	120	120	145	170	160	155	145	145	100	43	25	20	20	20		113,281	4,531		
MAX STRIP @ 50% MARGIN @ US\$1,500/oz			-175							25	63	63	45	55	55	60	70	90	110	130	146	160	170	186	165	145	125	100	75	25	20	27	20	20		108,006	4,320	
Grade (g/t Au)	1.50	1.50	-200							25	25	25	40	50	55	66	70	90	120	146	160	170	186	145	125	95	75	25	25	20						90,826	3,633	
Gross NSR (US\$/t)	65.1	65.1	-225											35	45	47	60	70	90	140	140	140	140	185	150	140	120	95	85	60	70	70					94,543	3,782
Maximum costs (US\$/t)	32.6	32.6	-250											40	50	75	75	85	100	125	150	150	330	125	125	100	95	85	60	70	114					98,160	3,926	
Non-mining cost (US\$/t)	21.26	21.26	-275											37	50	75	85	100	125	150	150	330	125	110	100	95	85	100	109	110						97,256	3,890	
Mining cost (US\$/t ROM)	11.3	11.3	-300											60	75	56	100	125	155	150	456	440	425	385	354	100	100	100	110							155,278	6,211	
Strip @ 50% margin (x)	3.52	3.52	-325											80	85	100	125	141	582	125	295	265	245	233	105	105	105									130,160	5,206	
Ore body width (m)	78	78	-350											80	100	125	140	350	250	150	105	105	112	115	115	116										93,589	3,744	
*Max pit depth (x)	444	444	-375											80	125	150	150	150	150	150	150	150	150	150	150	150	150	150								83,140	3,326	
			-400											100	125	150	150	150	150	150	150	150	150	150	150	150	150									79,121	3,165	
			-425											150	150	150	150	150	150	150	150	150	150	150	150	150	150									52,747	2,110	



Source: SCP estimates, Predictive

SCPe lifts to 1.84Moz at Bankan NE, with 26m @ 4.3g/t putting roots on Bankan Ck

Two deep holes released from the core of Bankan NE have returned highlights of 61m @ 1.9g/t from 282m immediately north of the high-grade core, and 65m @ 0.9g/t a further 80m north of that. At Bankan Creek, highlights include 26m @ 4.3g/t from 191m, and 29m @ 1.4g/t from 119m. A single hole is pending from Bankan NE ahead of the maiden MRE expected in late September. Metallurgical work underway is scheduled to be released ahead of this.

Catalysts

- 3Q21: SCPe maiden resource
- 2H21: Regional aircore drilling
- CY23: SCPe final investment decision
- CY25: SCPe first gold

Research

Brock Salier (London) M: +44 7400 666 913 bsalier@sprott.com

Justin Chan (London) M: +44 7554 784 688 jchan@sprott.com

Brandon Gaspar (Toronto) M: +1 437 533 3142 bgaspar@sprott.com

Eleanor Magdzinski (Toronto) M: +1 705 669 7456 emagdzinski@sprott.com

Ticker: PDI AU	Price / mkt cap: A\$0.15/sh, A\$202m	Project PNAV today: 0.29x	Asset: Bankan Ck / NE
Author: B Salier B Gaspar	Rec/0.4xNAV PT: BUY, A\$0.21/sh	1xNAV_{3Q24} FF FD: C\$0.48/sh	Country: Guinea

Commodity price	CY21E	CY22E	CY23E	CY24E	CY25E	Resource / Reserve	Tonnes	Grade	Ounces
Gold price	1,850	1,850	1,850	1,850	1,850	SCPe resource	49Mt	1.35g/t	2119koz
SOTP project valuation*						SCP mining inventory	37Mt	1.44g/t	1695koz

	A\$m	O/ship	NAVx	A\$/sh
Ungeared @ build start (3Q23)	701	100%	1.00x	0.47
Cash	27.4	100%	1.00x	0.02
Cash from options	7.8	100%	1.00x	0.01
Resources ex inventory @ \$100/oz	29.0	100%	1.00x	0.02
Explor'n (SCPe 250koz @ \$75/oz)	25.7	100%	1.00x	0.02
Asset NAV5% US\$1850/oz	791			0.53

*Shares diluted for options mine build Market P/NAV5% 3Q23 0.29x

Asset value: 1xNPV project @ build start (A\$m, ungeared)*

Project NPV (A\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	517	577	638	692	752
Discount rate: 7%	567	634	701	761	828
Discount rate: 5%	625	700	775	843	917
Ungeared project IRR:	50%	54%	58%	62%	66%
Project NPV (A\$/sh)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	0.35	0.39	0.43	0.46	0.50
Discount rate: 7%	0.38	0.42	0.47	0.51	0.55
Discount rate: 5%	0.42	0.47	0.52	0.56	0.61

*Project NPV, ex fin. costs and cent G&A, discounted to build start

Group NAV over time^	3Q21	3Q22	3Q23	3Q24	3Q25
Bankan NPV (A\$m)	633.4	665.1	701.5	861.5	966.4
G&A and finance costs (A\$m)	(80.0)	(72.2)	(71.4)	(69.9)	(55.9)
Net cash prior qtr (A\$m)	27.4	22.8	18.6	(15.7)	(97.0)
Cash from options (A\$m)	7.8	7.8	7.8	7.8	7.8
Resource / exlo nom. (A\$m)	54.7	54.7	54.7	54.7	54.7
NAV FF FD (A\$m)	643	678	711	838	876
Shares in issue (m)	1,349	1,493	1,493	1,770	1,770
1xNAV/sh FF FD (A\$/sh)*	0.48	0.45	0.48	0.47	0.49

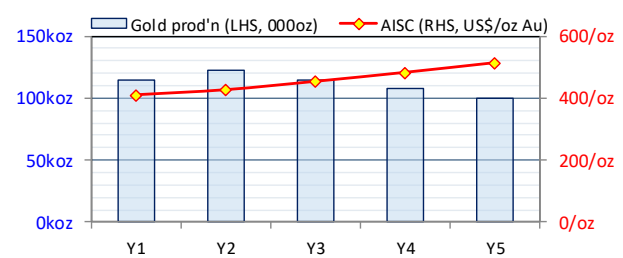
G geared NAV at first pour, diluted for build, net G&A and fin. costs^

NAV at first gold (C\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	607	678	750	815	886
Discount rate: 7%	637	714	791	861	938
Discount rate: 5%	672	756	839	915	998
Geared project IRR:	46%	50%	54%	58%	62%
NAV at first gold (C\$/sh)*	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	0.32	0.36	0.41	0.45	0.50
Discount rate: 7%	0.34	0.39	0.44	0.48	0.53
Discount rate: 5%	0.36	0.42	0.47	0.52	0.58

^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for build equity

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	114	123	115	107	100
C1 cost (US\$/oz)	338	360	384	411	439
AISC cost (US\$/oz)	410	426	453	482	513

AISC = C1 + ug sustaining capex, Y1 = CY25



Source: SCP estimates

Resource / Reserve	Tonnes	Grade	Ounces
SCPe resource	49Mt	1.35g/t	2119koz
SCP mining inventory	37Mt	1.44g/t	1695koz
Project: USES		Funding: SOURCES	
Pre-DFS exploration / G&A:	A\$21m	Cash 2Q21 + pre-Au ITM op.:	A\$34m
Build capex:	A\$238m	Build equity @ 0.6xNAV:	A\$85m
Fin. cost + WC over DFS:	A\$15m	65% geared debt @ 8%:	A\$155m
TOTAL USES:	A\$274m	TOTAL SOURCES:	A\$274m
Buffer / drill budget: A\$0m			

Share data	Basic	FD with options	FD for build
Basic shares (m)	1,349.3	1,492.5	1,770

Ratio analysis	CY20E	CY21E	CY22E	CY23E	CY24E
Average shares out (m)	1,349.3	1,474.6	1,492.5	1,492.5	1,492.5
EPS (A\$/sh)	-	-	-	-	-
CFPS (A\$/sh)	-	-	-	-	-
EV (A\$m)	188.7	191.8	204.7	162.1	369.0
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY20E	CY21E	CY22E	CY23E	CY24E
Net revenue (A\$m)	-	-	-	-	-
COGS (A\$m)	-	-	-	-	-
Gross profit (A\$m)	-	-	-	-	-
D&A, attrib (A\$m)	0.0	-	-	-	-
G&A + sh based costs (A\$m)	2.2	1.2	1.2	2.6	4.0
Finance cost (A\$m)	2.5	9.5	8.9	(0.1)	4.9
Taxes (A\$m)	-	-	-	-	-
Net income (A\$m)	(4.8)	(10.7)	(10.1)	(2.5)	(8.9)
Cash flow, attrib.	CY20E	CY21E	CY22E	CY23E	CY24E
EBIT (A\$m)	(2.2)	(1.2)	(1.2)	(2.6)	(4.0)
Add back D&A (A\$m)	0.0	-	-	-	-
Less tax + net interest (A\$m)	2.5	9.5	8.9	(0.1)	4.9
Net change in wkg cap (A\$m)	(0.9)	-	-	0.1	-
Other non-cash (A\$m)	(7.0)	(19.0)	(17.9)	0.1	(9.8)
Cash flow ops (A\$m)	(7.5)	(10.7)	(10.2)	(2.5)	(8.9)
PP&E - build + sust. (A\$m)	2.1	0.2	-	40.0	197.9
PP&E - expl'n (A\$m)	-	-	-	-	-
Cash flow inv. (A\$m)	(2.1)	(0.2)	-	(40.0)	(197.9)
Share issue (A\$m)	21.3	26.5	-	85.0	-
Debt draw (repay) (A\$m)	-	-	-	-	154.7
Cash flow fin. (A\$m)	21.3	26.5	-	85.0	154.7
Net change in cash (A\$m)	11.7	15.7	(10.2)	42.5	(52.2)
EBITDA (A\$m)	(4.7)	(10.7)	(10.1)	(2.5)	(3.9)
Balance sheet	CY20E	CY21E	CY22E	CY23E	CY24E
Cash (A\$m)	13.7	29.3	19.2	61.7	9.5
Acc rec., inv, prepaid (A\$m)	0.1	0.1	0.1	-	-
PP&E + other (A\$m)	8.5	8.7	8.7	48.7	246.6
Total assets (A\$m)	22	38	28	110	256
Debt (A\$m)	-	-	-	-	154.7
Accounts payable (A\$m)	1.0	1.0	1.0	1.0	1.0
Others (A\$m)	-	-	-	-	-
Total liabilities (A\$m)	1.0	1.0	1.0	1.0	155.7
Issued capital (A\$m)	52.9	79.4	79.4	164.4	164.4
Retained earnings (A\$m)	(32.4)	(43.0)	(53.1)	(55.6)	(64.4)
Liabilities + equity (A\$m)	21	37	27	110	256

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NOT RATED:	0
TOTAL	44

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