

Ticker: PDI AU
Market cap: A\$175m

Pro-forma Cash: A\$28m
Price: A\$0.145/sh

Project: Bankan Ck / NE
Country: Guinea

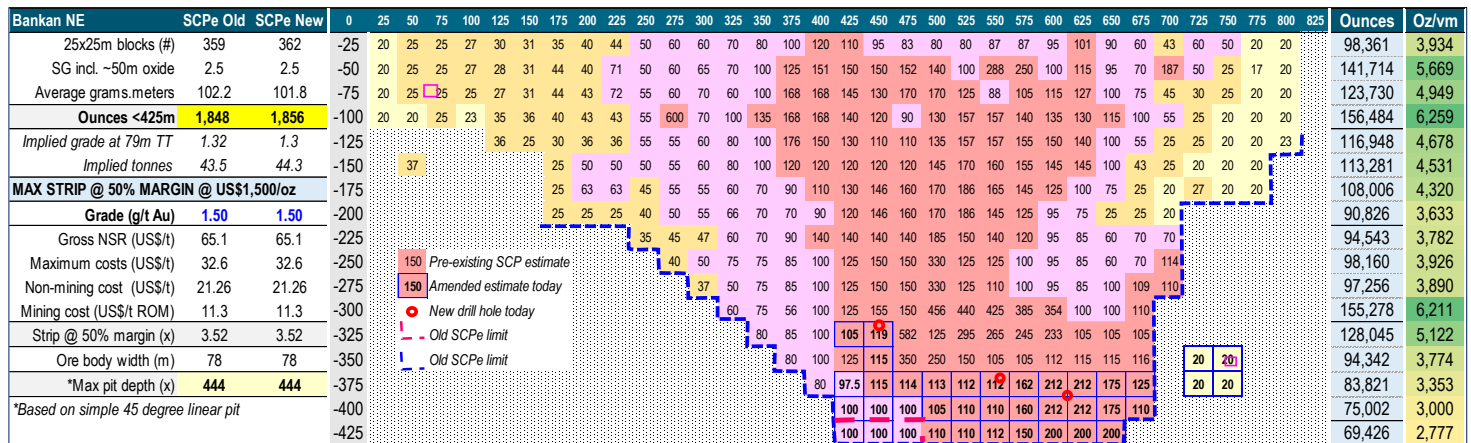
RECOMMENDATION (unc): BUY

TARGET (unc): A\$0.21/sh

RISK RATING: VENTURE

Today's hits lie within our modelled 1.85Moz resource estimate for Bankan Creek, taking our estimate from 1,848koz to 1,856koz extending ~50m beyond the deepest pierce point to ~425m below surface, a good, albeit expected, result. What is more interesting is the grade of the headline hit – it has become clear that the main break sits right on the contact between the intrusive and the volcanics, while grades are lower in the other two holes as the shear has migrated to being within the intrusive. With this in mind, we are increasingly of the view that this will have a Stage 2 underground. Reversing a 50% gross margin at US\$1,500/oz implies a maximum 3.5:1 strip, which would simplistically imply the 78m composite average could pull a pit to 400-450m, but the gold is clearly still going. We expect the specific areas of contact-shearing will convert to an excellent bulk underground. If the dip takes our resource estimate to 2-2.5Moz, with several hundred thousand from Bankan Creek (still growing), adding in an underground could see this system lift to 3-4Moz or more, a Tier 1 discovery for sure. **We maintain our BUY rating and 0.4xNAV_{5%-1850} A\$0.21/sh PT** and expect momentum to continue with MRE and potential lift in SCPe scope to higher than 2.25Mtpa, followed by deep drilling, Bankan Creek drilling, regional drilling and country-wide exploration.

Figure 1. (A) recoveries from (B) selected samples at Bankan and Bankan Creek

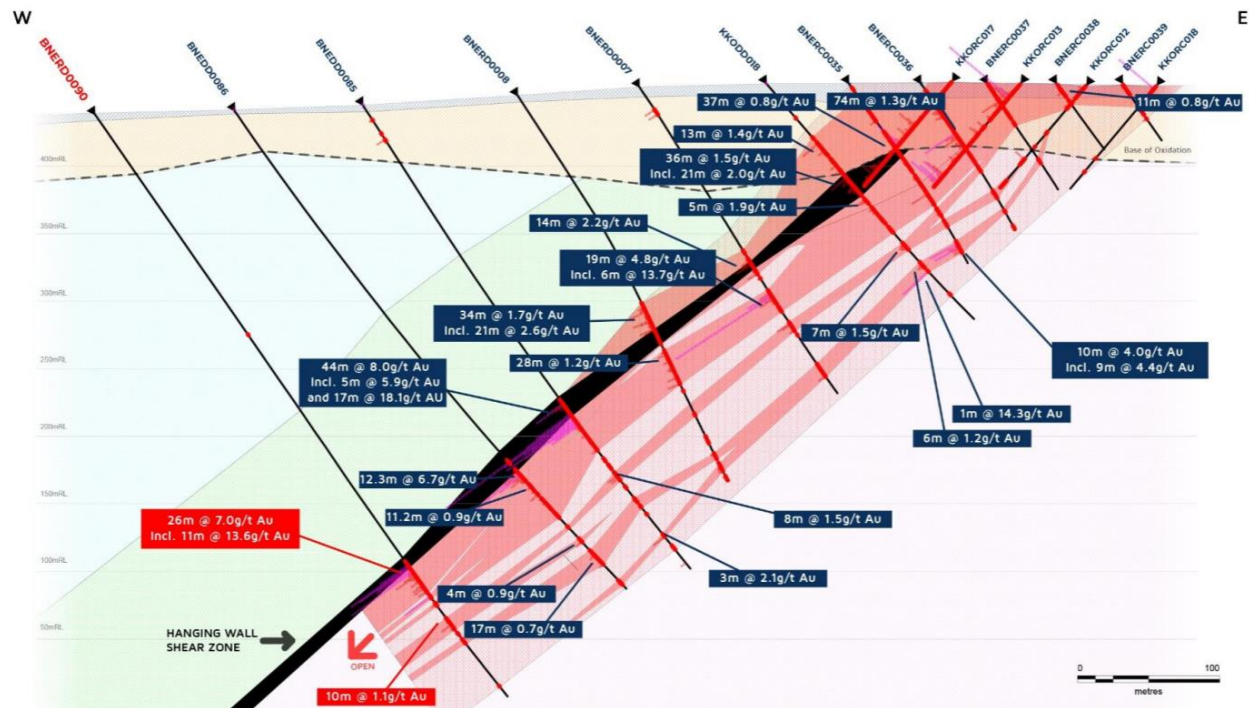


Source: Predictive Discovery

Bankan gets deeper with 26m @ 7g/t ~375m below surface pointing to UG potential

Three deep holes in the core of Bankan NE return 26m @ 7.0g/t (~375m below surface, within composite 47m @ 4.5g/t), 16.6m @ 5.9g/t (~325m below surface, within composite 41m @ 2.9g/t) and 38m @ 3.6g/t (from ~350m below surface, within composite 60m @ 2.5g/t). The headline high-grade hole occurs where the main shear lies on the felsic / volcanic contact, while the shear lies within the felsic in the other two holes. As holes go deeper, they are reported today at 0.5g/t cut off vs. prior 0.25g/t cut off.

Figure 2. Cross section showing headline 26m @ 7g/t from Bankan NE



Source: Predictive Discovery

Why we like Predictive Discovery

1. New discovery Bankan NE hosts SCPe 1.8Moz bred out of hard-science
2. Potential for 2-3Moz between depth, satellites and shallow ore
3. Stands out from peers with width, grade, deep roots and satellites
4. Over 5,000km² regional holding, including new geophysics along strike package

Catalysts

- 3Q21: 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\$0.13/sh, A\$186m	Project PNAV today: 0.27x	Asset: Bankan Ck / NE
Author: B Salier B Gaspar	Rec/O.4xNAV PT: BUY, A\$0.2/sh	1xNAV_{3Q24} FF FD: C\$0.44/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	50Mt	1.32g/t	2132koz
SOTP project valuation*						SCP mining inventory	38Mt	1.41g/t	1706koz

	A\$m	O/ship	NAVx	A\$/sh
Ungeared @ build start (3Q23)	703	100%	1.00x	0.44
Cash 3Q21	27.3	100%	1.00x	0.02
Cash from options	9.9	100%	1.00x	0.01
Resources ex inventory @ \$100/oz	29.2	100%	1.00x	0.02
Explor'n (SCPe 250koz @ \$75/oz)	25.7	100%	1.00x	0.02
Asset NAV5% US\$1850/oz	795			0.50

*Shares diluted for options mine build Market P/NAV5_{3Q23} 0.27x

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

Project NPV (A\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	531	589	652	708	771
Discount rate: 7%	583	648	718	781	850
Discount rate: 5%	644	717	795	866	944
Ungeared project IRR:	50%	54%	58%	62%	66%

*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)	634.7	666.4	702.8	862.9	967.9
G&A and finance costs (A\$m)	(85.7)	(75.4)	(72.0)	(70.6)	(56.6)
Net cash prior qtr (A\$m)	22.7	15.5	8.7	9.4	47.8
Cash from options (A\$m)	9.9	9.9	9.9	9.9	9.9
Resource / exlo nom. (A\$m)	54.9	54.9	54.9	54.9	54.9
NAV FF FD (A\$m)	637	671	704	867	1,024
Shares in issue (m)	1,432	1,593	1,593	1,888	1,888
1xNAV/sh FF FD (A\$/sh)*	0.44	0.42	0.44	0.46	0.54

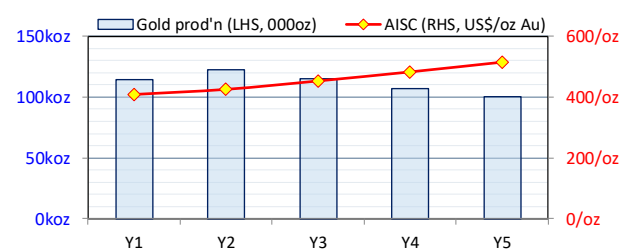
Geared NAV at first pour, diluted for build, net G&A and fin. costs^

NAV at first gold (C\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz
Discount rate: 9%	786	855	930	997	1,072
Discount rate: 7%	819	893	974	1,046	1,126
Discount rate: 5%	856	937	1,024	1,104	1,190
Geared project IRR:	46%	50%	54%	58%	62%

^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

Project: USES	Funding: SOURCES
Pre-DFS exploration / G&A: A\$20m	Cash 3Q21 + 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\$273m	TOTAL SOURCES: A\$274m
Buffer / drill budget: A\$0m	

Share data	Basic	FD with options	FD for build
Basic shares (m)	1,431.7	1,593.3	1,888

Ratio analysis	CY20E	CY21E	CY22E	CY23E	CY24E
Average shares out (m)	1,431.7	1,573.1	1,593.3	1,593.3	1,593.3
EPS (A\$/sh)	-	-	-	-	-
CFPS (A\$/sh)	-	-	-	-	-
EV (A\$m)	172.4	181.1	196.5	155.3	362.1
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	3.1	3.7	3.9	4.0
Finance cost (A\$m)	2.5	12.8	9.0	(0.1)	4.9
Taxes (A\$m)	-	-	-	-	-
Net income (A\$m)	(4.8)	(15.8)	(12.7)	(3.8)	(8.9)

Cash flow, attrib.	CY20E	CY21E	CY22E	CY23E	CY24E
EBIT (A\$m)	(2.2)	(3.1)	(3.7)	(3.9)	(4.0)
Add back D&A (A\$m)	0.0	-	-	-	-
Less tax + net interest (A\$m)	2.5	12.8	9.0	(0.1)	4.9
Net change in wkg cap (A\$m)	(0.9)	-	-	0.1	-
Other non-cash (A\$m)	(7.0)	(25.2)	(18.0)	0.1	(9.8)
Cash flow ops (A\$m)	(7.5)	(15.5)	(12.7)	(3.7)	(8.9)
PP&E - build + sust. (A\$m)	2.1	0.2	-	40.0	197.9
PP&E - expl'n (A\$m)	-	0.0	0.1	0.0	-
Cash flow inv. (A\$m)	(2.1)	(0.3)	(0.1)	(40.0)	(197.9)
Share issue (A\$m)	21.3	25.2	-	85.0	-
Debt draw (repay) (A\$m)	-	-	-	-	154.7

Cash flow fin. (A\$m)	21.3	25.2	-	85.0	154.7
Net change in cash (A\$m)	11.7	9.4	(12.8)	41.3	(52.2)
EBITDA (A\$m)	(4.7)	(15.8)	(12.7)	(3.8)	(3.9)

Balance sheet	CY20E	CY21E	CY22E	CY23E	CY24E
Cash (A\$m)	13.7	23.4	10.6	51.9	(0.4)
Acc rec., inv, prepaid (A\$m)	0.1	0.1	0.1	-	-
PP&E + other (A\$m)	8.5	8.8	8.9	48.9	246.8
Total assets (A\$m)	22	32	20	101	246
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	78.0	78.0	163.0	163.0
Retained earnings (A\$m)	(32.4)	(47.5)	(60.2)	(64.0)	(72.9)
Liabilities + equity (A\$m)	21	31	19	100	246

DISCLOSURES & DISCLAIMERS

This research report (as defined in IIROC Rule 3400) is issued and approved for distribution in Canada by Sprott Capital Partners LP (“SCP”), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”). The general partner of SCP is Sprott Capital Partners GP Inc. and SCP is a wholly-owned subsidiary of Sprott Inc., which is a publicly listed company on the Toronto Stock Exchange under the symbol “SII”. Sprott Asset Management LP (“SAM”), a registered investment manager to the Sprott Funds and is an affiliate of SCP. This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP’s research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP and/or affiliated companies or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP’s research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP’s Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@sprott.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: Sprott Partners UK Limited (“Sprott”) is an appointed representative of PillarFour Securities LLP, which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP (“PillarFour”) for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. Sprott and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by Sprott’s clients as part of their advisory services to them or is short term market commentary. Neither Sprott nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by Sprott Capital Partners LP (“SCP”), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. (“SGRIL”), a broker dealer in the United States registered with the Securities Exchange Commission (“SEC”), the Financial Industry Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable

restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SPROTT CAPITAL PARTNERS EXPLANATION OF RECOMMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED ((N/R): The stock is not currently rated

Research Disclosure		Response
1	SCP and its affiliates collectively beneficially owns 1% or more of any class of the issuer's equity securities ¹	YES
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	NO
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	YES
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

Sprott Capital Partners Equity Research Ratings:

Summary of Recommendations as of September 2021	
BUY:	46
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	46

¹ As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month