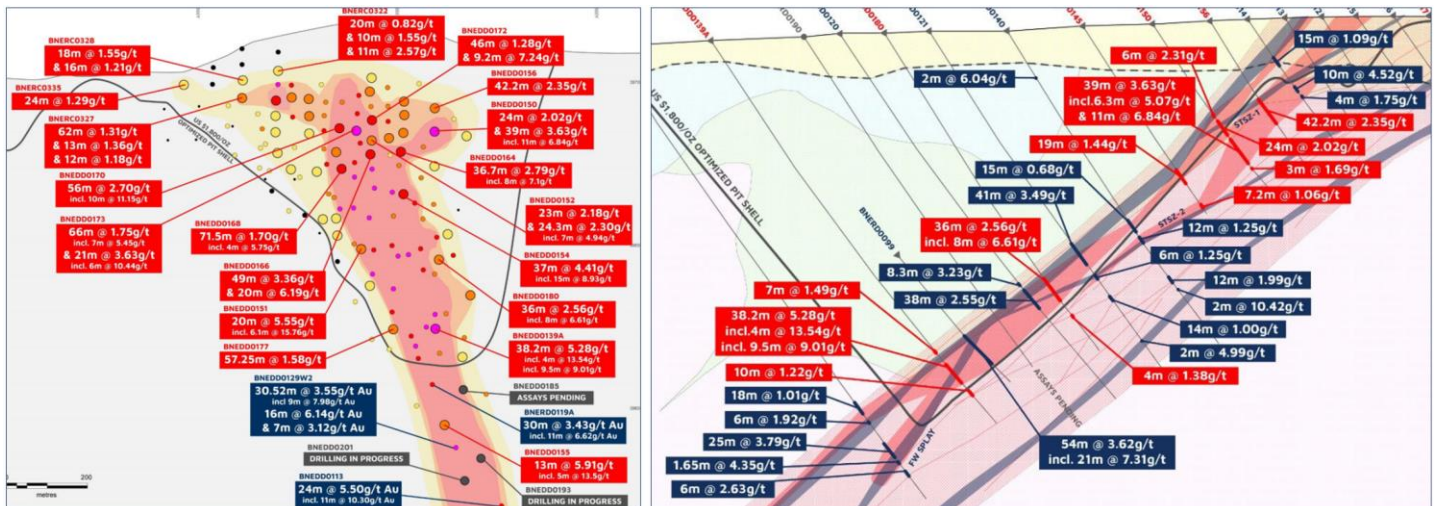


Ticker: PDI AU **3Q22 cash:** A\$50m **Project:** Bankan Ck / NE
Market cap: A\$357m **Price:** A\$0.20/sh **Country:** Guinea
REC. (unc): BUY **TARGET (unc):** A\$0.40/sh **RISK RATING (unc):** SPECULATIVE

Today's results serve as an useful reminder of the at-surface quality of this deposit. Although infill may be 'boring' in the short term, it achieves medium term goals (reserve / mining permit) faster, and establishes a foundation for a mining licence and DFS, which leads to the exciting bit, M&A and/or mine building. It's hard to estimate the impact on the existing resource for infill, although the single deep hole of 13m @ 5.9g/t is pleasingly thinner but higher grade, ideal for UG mining. To provide context on the potential value, B2 and Endeavour's US\$460m / 100koz pa EV implies a US\$1.2bn, or ~A\$1bn net of capex, value of our modelled 275koz pa from Bankan. Meanwhile, some 49m 1.8c options (ie A\$10m valued today) expired on December 24, leaving the market cap barely a third of our modelled valuation, and that before regional upside is factored in (see below), a clear opportunity in our view. Tangentially, Taurus mine finance's mandate for US\$115m build-finance for neighbour Robex points to Guinea's investability also. For now, **we maintain our BUY rating and 0.4xNAV_{5%-1700} A\$0.40/sh PT.** Given the P/NAV (undiluted for G&A/build) sits at just 0.18xNAV_{5%-spot}, a key uptick in value for us should be the scoping study, which could allow us to lift our NAV multiple. Fully diluted for G&A and mine-build equity, our 1xNAV sits somewhere around A\$0.90/sh at our LT US\$1,700/oz (>115c/sh at spot US\$1,920/oz), pointing to upside with permits and DFS also. Perhaps our only gripe on Predictive from last year was not seeing more regional drilling. However, with a newly strengthened geology team including a dedicated regional lead, and C\$50m at September 30, we expect the regional drilling to pick up ahead of the 3Q23 wet season.

Figure 1 (A) Long section showing today's infill and deep hole; (B) cross section showing infill drilling



Source: Predictive

38m@5.3g/t infill to feed into updated MRE shortly; UG potential with 13m @ 5.9g/t at depth

Results from 91 holes (43 DD, 38 RC) for 20,985m saw highlights of **38m @ 5.3g/t, 49m @ 3.4g/t, 37m @ 4.4g/t, 56m @ 2.7g/t and 39m @ 3.6g/t** within the US\$1,800/oz pit shell, with a single deeper hole hitting 13m @ 5.9g/t from 697m down hole. Results are pending for a second deep hole with two others in process. These will feed into a resource update due shortly, ahead of a 4Q23 scoping study.

Why we like Predictive Discovery

1. Free-milling Bankan 3.65Moz MRE already above critical mass so 'will be a mine'
2. Bankan Creek satellite offers high-grade starter pit
3. UG potential likely deepest hole ~1.2km below surface against most gold within ~550m pit shell
4. Multiple discoveries near mine / along strike / country wide over 5000km² to be followed up

5. Strong management and board representing ECM, mine building and geology

Catalysts

- 1Q23: MRE update
- 4Q23: Scoping Study
- CY23: Bankan NE UG drilling (*deepest 24m @ 5.5g/t*)
- CY23: Regional drilling north of Bankan (*following 12m @ 9.8g/t at AG1*)
- CY23: Near-mine drilling with <2km of Bankan (*following 28m @ 12.1g/t*)
- CY23: Bankan Creek step-out / deeper drilling (*deepest 6.8m @ 8.1g/t within 26m @ 3.1g/t*)
- CY23: Drilling on discrete Koundian project (*following 6m @ 32g/t to EOH, and 4m @ 45g/t*)
- CY23: SCPe mining licence, incl. excise from national park buffer zone

Research

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

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

Konstantinos Kormpis (Toronto) M: +1 778-957-3623 kkormpis@sprott.com

Ticker: PDI AU	Price / mkt cap: A\$0.2/sh, A\$357m	Project PNAV today: 0.21x	Asset: Bankan Ck / NE
Author: B Salier/E Magdzins	Rec/0.4xNAV PT: BUY, A\$0.4/sh	1xNAV_{3Q24} FF FD: A\$0.83/sh	Country: Guinea

Commodity price	CY21E	CY22E	CY23E	CY24E	CY25E
Gold price	1,700	1,700	1,700	1,700	1,700
SOTP project valuation*					
	A\$m	O/ship	NAVx	A\$/sh	
Ungeared @ build start (3Q23)	1,436	100%	1.00x	0.78	
Cash 3Q22	49.9	100%	1.00x	0.03	
Cash from options	5.3	100%	1.00x	0.00	
Resources ex inventory @ US\$50/oz	227.4	100%	1.00x	0.12	
Explor'n (SCPe 500koz @ \$50/oz)	21.2	100%	1.00x	0.01	
Asset NAV5% US\$1700/oz	1,740			0.94	
*Shares diluted for options mine build Market P/NAV ₅ 3Q23 0.21x					

Resource / Reserve	Tonnes	Grade	Ounces
3Q21 MRE	80Mt	1.64g/t	4215koz
SCP pit inventory	60Mt	1.61g/t	3096koz
SCP UG inventory	4Mt	3.00g/t	500koz
Project: USES		Funding: SOURCES	
Pre-DFS exploration / G&A: A\$12m		Cash 3Q22+pre-Au ITM op.: A\$55m	
Build capex: A\$665m		Build equity @ 0.5xNAV: A\$230m	
Fin. cost + WC over DFS A\$22m		65% geared debt @ 8%: A\$432m	
TOTAL USES: A\$700m		TOTAL SOURCES: A\$718m	
Buffer / drill budget: A\$18m			

Asset value: 1xNPV project @ build start (A\$m, ungeared)*					
Project NPV (A\$m)	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
Discount rate: 9%	1,057	1,218	1,392	1,556	1,717
Discount rate: 7%	1,186	1,362	1,553	1,732	1,909
Discount rate: 5%	1,335	1,530	1,740	1,938	2,133
Ungeared project IRR:	32%	37%	41%	46%	50%
Project NPV (A\$/sh)	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
Discount rate: 9%	0.57	0.66	0.75	0.84	0.93
Discount rate: 7%	0.64	0.74	0.84	0.94	1.03
Discount rate: 5%	0.72	0.83	0.94	1.05	1.15

Share data	Basic	FD with options	FD for build		
Basic shares (m)	1,782.5	1,852.2	2,342		
Ratio analysis	CY20A	CY21E	CY22E	CY23E	CY24E
Average shares out (m)	1,726.6	2,272.1	2,342.0	2,342.0	2,342.0
EPS (A\$/sh)	-	-	-	-	-
CFPS (A\$/sh)	-	-	-	-	-
EV (A\$m)	331.6	436.9	426.7	260.6	898.1
FCF yield (%)	-	-	-	-	-
PER (x)	-	-	-	-	-
P/CF (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

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

Group NAV over time^	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
Bankan NPV (A\$m)	1,398.7	1,520.7	2,247.2	2,076.0	1,822.3
G&A and fin. costs (A\$m)	(158.7)	(140.9)	(133.5)	(89.8)	(55.3)
Net cash prior qtr (A\$m)	35.6	171.8	(429.5)	(130.2)	149.7
Cash from options (A\$m)	5.3	5.3	5.3	5.3	5.3
Exploration (A\$m)	248.6	248.6	248.6	248.6	248.6
NAV FF FD (A\$m)	1,529	1,806	1,938	2,110	2,171
Shares in issue (m)	1,783	1,852	2,342	2,342	2,342
1xNAV/sh FF FD (A\$/sh)*	0.86	0.97	0.83	0.90	0.93

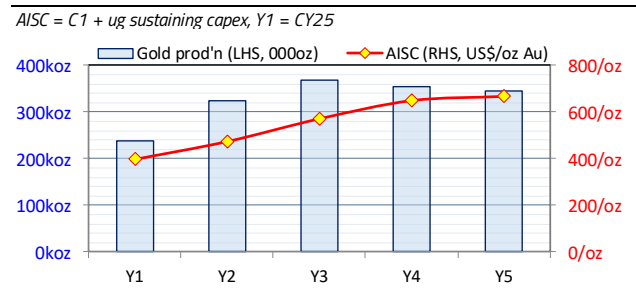
Income statement	CY20A	CY21E	CY22E	CY23E	CY24E
Net revenue (A\$m)	-	-	-	-	-
COGS (A\$m)	-	-	-	-	-
Gross profit (A\$m)					
D&A, attrib (A\$m)	0.0	-	-	-	-
G&A + sh based costs (A\$m)	2.2	3.1	5.5	4.3	4.0
Finance cost (A\$m)	2.5	19.0	27.0	20.0	8.4
Taxes (A\$m)	-	-	-	-	-
Net income (A\$m)	(4.8)	(22.1)	(32.5)	(24.3)	(12.4)
Cash flow, attrib.	CY20A	CY21E	CY22E	CY23E	CY24E
EBIT (A\$m)	(2.2)	(3.1)	(5.5)	(4.3)	(4.0)
Add back D&A (A\$m)	0.0	-	-	-	-
Less tax + fin. costs (A\$m)	2.5	19.0	27.0	20.0	8.4
Change in work. cap. (A\$m)	(0.9)	0.9	4.4	0.4	-
Other non-cash (A\$m)	(7.0)	(37.6)	(54.4)	(40.0)	(16.8)
Cash flow ops (A\$m)	(7.5)	(20.8)	(28.6)	(23.9)	(12.4)
PP&E - build + sust. (A\$m)	2.1	0.4	0.7	40.0	625.1
PP&E - expl'n (A\$m)	-	0.0	-	-	-
Cash flow inv. (A\$m)	(2.1)	(0.4)	(0.7)	(40.0)	(625.1)
Share issue (A\$m)	21.3	25.4	55.9	230.0	-
Debt draw (repay) (A\$m)	-	-	-	-	432.3
Cash flow fin. (A\$m)	21.3	25.4	55.9	230.0	432.3
Net change in cash (A\$m)	11.7	4.2	26.7	166.1	(205.2)
EBITDA (A\$m)	(4.7)	(22.1)	(32.5)	(24.3)	(4.0)

Geared NAV at first pour, diluted for build, net G&A and fin. costs^					
NAV at first gold (C\$m)	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
Discount rate: 9%	1,463	1,666	1,885	2,092	2,295
Discount rate: 7%	1,547	1,760	1,990	2,207	2,422
Discount rate: 5%	1,642	1,867	2,110	2,339	2,565
Geared project IRR:	29%	33%	38%	43%	47%
NAV at first gold (C\$/sh)*	\$1500oz	\$1600oz	\$1700oz	\$1800oz	\$1900oz
Discount rate: 9%	0.55	0.65	0.77	0.87	0.98
Discount rate: 7%	0.60	0.71	0.83	0.94	1.05
Discount rate: 5%	0.66	0.78	0.90	1.02	1.14

Balance sheet	CY20A	CY21E	CY22E	CY23E	CY24E
Cash (A\$m)	13.7	17.5	41.7	207.8	2.6
Acc rec., inv, prepaid (A\$m)	0.1	0.2	0.4	-	-
PP&E + other (A\$m)	7.6	25.2	37.2	77.2	702.4
Total assets (A\$m)	21.5	42.8	79.3	285.0	705.0
Debt (A\$m)	-	-	-	-	432.3
Accounts payable (A\$m)	1.0	2.0	6.5	6.5	6.5
Total liabilities (A\$m)	1.0	2.0	6.5	6.5	438.9
Issued capital (A\$m)	52.9	79.9	139.8	369.8	369.8
Retained earnings (A\$m)	(32.4)	(39.0)	(67.1)	(91.4)	(103.8)
Liabilities + equity (A\$m)	21.5	42.8	79.3	285.0	705.0

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

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	239	325	367	356	344
C1 cost (US\$/oz)	337	351	396	409	422
AISC cost (US\$/oz)	398	474	572	649	668



Source: SCP estimates

DISCLOSURES & DISCLAIMERS

This research report (as defined under IIROC Rule 3600, Part B) 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 January 2023	
BUY:	53
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	55

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