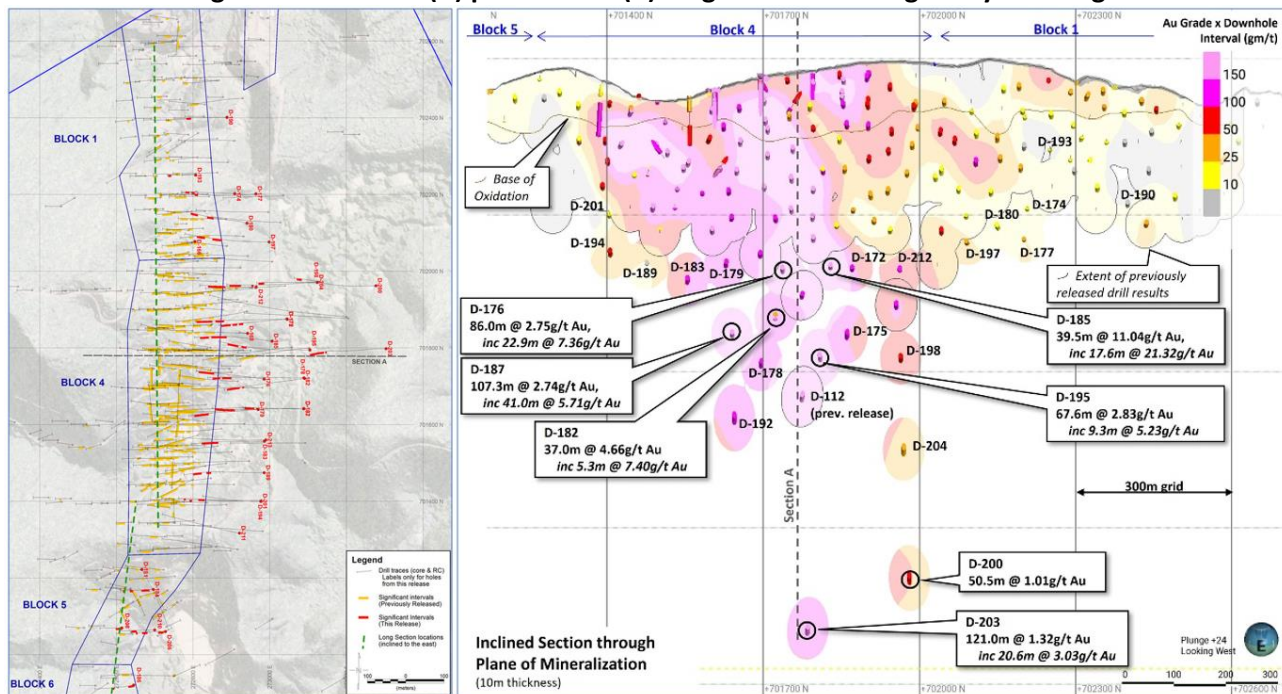


**Ticker:** RGD CN      **Est. cash:** C\$49m      **Project:** Oko West  
**Market cap:** C\$383m      **Price:** C\$0.385/sh      **Country:** Guyana  
**REC. (unc):** BUY      **TARGET (+15c):** C\$0.70/sh      **RISK RATING (unc):** SPECULATIVE

**'Core' (Block 4) depth extensions are a big win, driving our price target lift today.** We already knew the core extended to depth given 71m @ 3.7g/t ~600m below surface drilled last year. Firstly, that firms up with several >200-400gm (eg. **39m @ 11g/t** and **41m @ 5.7g/t**) intersections over >300m strike today, increasing our confidence in a maiden 3-5Moz this year. Next, a first hole to 970m below surface hitting both UG mineable 21m @ 3.0g/t, within a bulk 121m @ 1.3g/t points to good roots, with potential to improve as the intermediate-depth drilling (done at same time) now appears to show the main zone plunging slightly south. Very simply, before regional satellites / prospectivity are even addressed, this demonstrates long-term blue-sky potential for double digit endowment in our view. Lastly, and talking to regional prospectivity, drilling along strike at Block 5 and 6 saw useful bulk additions (i.e 43-61m @ 0.9g/t), which demonstrates not just some tail value, but the sheer size of the system, which should be making the majors pay attention to the belt as a whole. As such, **we maintain our BUY rating and lift our C\$0.55/sh PT to C\$0.70/sh** based 0.4xNAV<sub>5%-1700</sub> for a 2Moz @ 2g/t and 200koz pa, lifting our nominal valuation to 2.5Moz @ US\$70/oz, which appears conservative on both size, and ability to convert to a higher DCF-value over time (our 2Moz DCF equates to US\$630/oz at spot).

Despite recent price strength, the name trades at a fraction of its value within either majors, or growth EM mid-tiers (both at ~C\$900m/100koz pa), where a 2.5Moz reserve pro-forma over 10Y would be valued, in those companies, at >C\$2.2bn, >C\$1.5bn net capex. When high-grades, low-strip, and surface oxides are factored, this tallies to our C\$1.7bn build-start NPV at spot for 200koz pa. If there is twice the gold, then twice the value. With C\$49m cash at November, a new veteran CEO in place, and senior team experience in Guyana, Reunion remains a top global pick for 'more gold next year than this'.

**Figure 1. Oko West (A) plan view & (B) long section showing today's drilling**



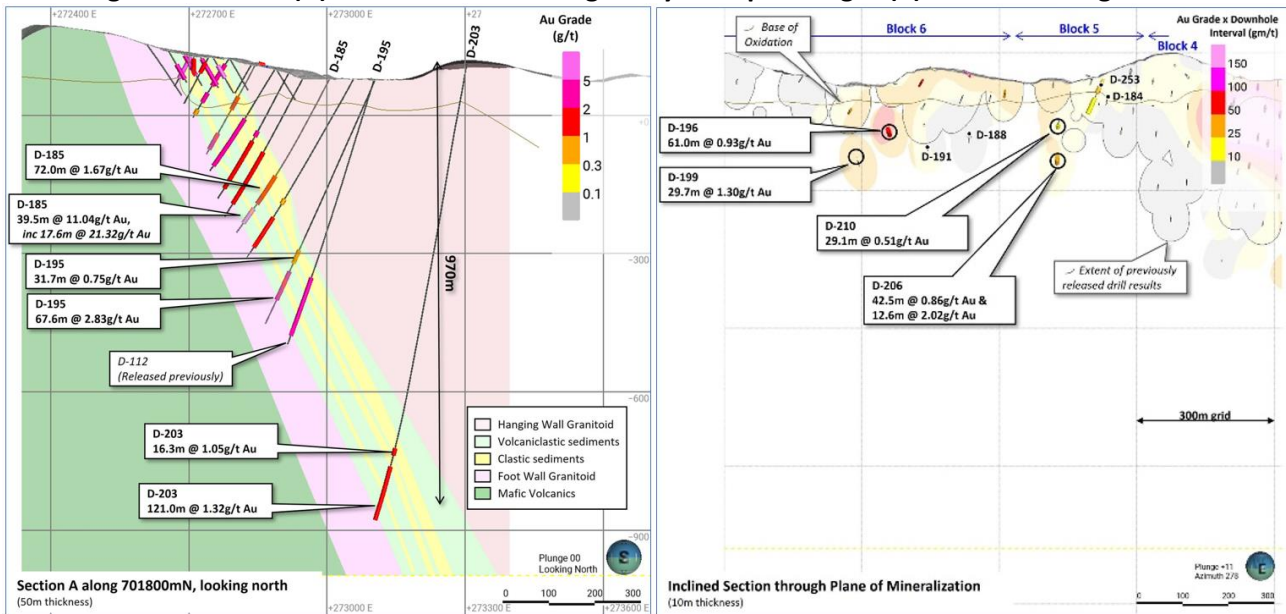
Source: Reunion Gold

## Roots to ~1km vertical with 13m @ 3.0g/t; Block 4 infills nicely with 34m @ 11g/t

Reunion Gold reported results from 38 core holes (14,965m) drilled at Oko West, with downhole composite highlights and estimated true thicknesses (TT) of **34m TT @ 11g/t**, **31m TT @ 4.7g/t**, **87.3m TT @ 2.7g/t** and

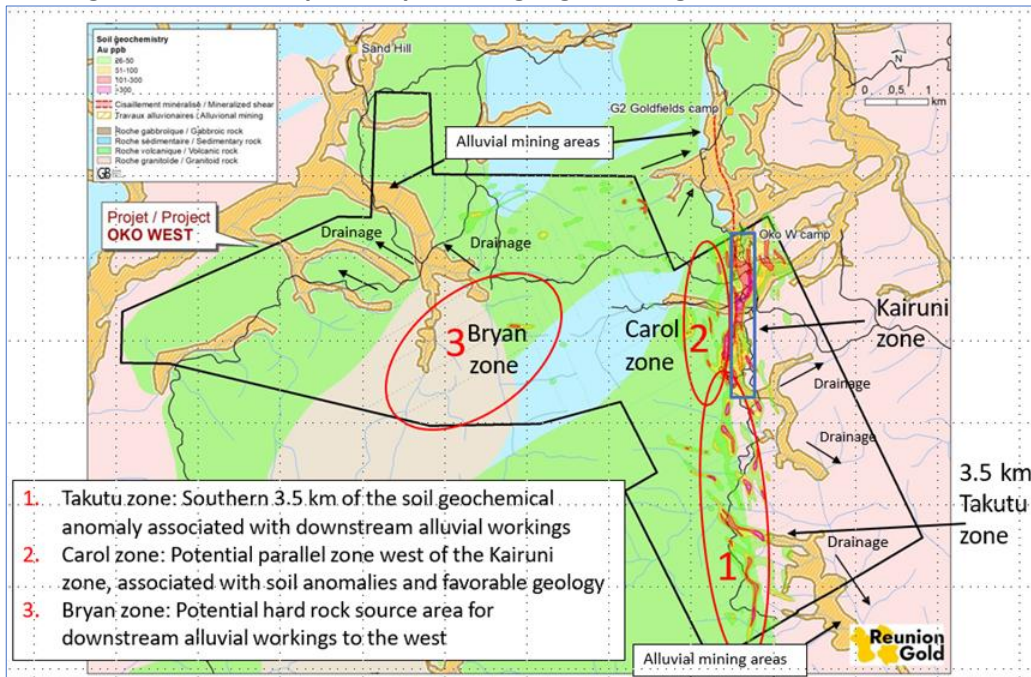
69m TT @ 2.8g/t >0.3g/t cut-off within Block 4. Two deep drill holes returned highlights of 32.5m TT @ 1.1g/t and 79m TT @ 1.3g/t, including 13.3m TT @ 3.0g/t, which extended mineralization down dip >400m from the previously reported deepest hole (to 970 m below surface). Along strike, drilling returned highlights of 61m @ 0.9g/t Au from Block 6, and 42.5m @ 0.9g/t Au from Block 5 to the south. Drill plans: in 2023, Reunion is planning two initiatives: (i) step out drilling on the Kairuni Zone down to 575m vertical depth and along strike (Blocks 1, 4, 5 and 6) to support a maiden resource in 2023 and subsequent (ii) exploration outside of the resource targets in 2H23 including Takutu to the south, the Carol Zone immediately west of Kairuni and the Bryan Zone (8,000m RC planned) to the far west downstream of alluvial workings.

Figure 2. Block 4 (A) cross section showing today's deep drilling & (B) Block 5&6 long section



Source: Reunion Gold

Figure 3. Oko West plan map showing regional targets to be tested in 2023



Source: Reunion Gold

## Why we like Reunion

- Oko West: SCPe 2-3Moz drilled, 4-5Moz potential for CY23 maiden MRE
- New southern zone emerging at Block 6 to the south
- Granitoid potential following 3m @ 61g/t and 10m @ 17g/t maiden in-granitoid drilling
- Guyana 'guru' management team, asset outside Barrick JV alliance for 100% ownership
- Guyana: best LatAm Archean with, M&A / investments, oil boom and multiple discoveries

## Catalysts

- 1H23: Kairuni Zone expansion drilling along strike and <575m vertical depth
- 2H23: Follow up exploration at Takutu, Carole, and 8,000m RC scout drilling at Bryan Zone
- CY23: Maiden Oko West MRE: *SCPe 3-5Moz*

## Research

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<b>Ticker:</b> RGD CN	<b>Price / mkt cap:</b> C\$0.385/sh, C\$383m	<b>Project PNAV today:</b> 0.27x	<b>Asset:</b> Oko West
<b>Author:</b> B Gaspar	<b>Rec / 0.35xNAV PT:</b> BUY, C\$0.7/sh	<b>1xNAV<sub>3Q24</sub> FF FD:</b> C\$1.11/sh	<b>Country:</b> Guyana / Suriname

Commodity price	CY21A	CY22E	CY23E	CY24E	CY25E
Gold price	1,700	1,700	1,700	1,700	1,700

SOTP project valuation*	C\$m	O/ship	NAVx	C\$/sh
Ungeared @ build start (3Q24)	<b>1,367</b>	100%	0.35x	0.41
Cash at Nov 2022	49	100%	1.0x	0.04
Cash from options + warrants	49	100%	1.0x	0.04
Oz upside (+2.5Moz @ US\$70/oz)	233	100%	1.0x	0.20
Asset NAV5% US\$1700/oz	<b>1,699</b>		PT:	<b>0.69</b>
*Shares diluted for options mine build		Market P/NAV <sub>5%</sub> 0.27x		

Asset value: 1xNPV project @ build start (C\$m, ungeared)*	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
Project NPV (C\$m)	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
Discount rate: 9%	1,337	1,459	1,581	1,703	1,825
Discount rate: 7%	1,441	1,572	1,703	1,834	1,965
Discount rate: 5%	1,558	<b>1,699</b>	1,840	1,982	2,123
Ungeared project IRR:	52%	56%	61%	66%	70%
Project NPV (C\$/sh)	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
Discount rate: 9%	0.58	0.62	0.65	0.69	0.73
Discount rate: 7%	0.61	0.65	0.69	0.73	0.77
Discount rate: 5%	0.65	<b>0.69</b>	0.73	0.77	0.81

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

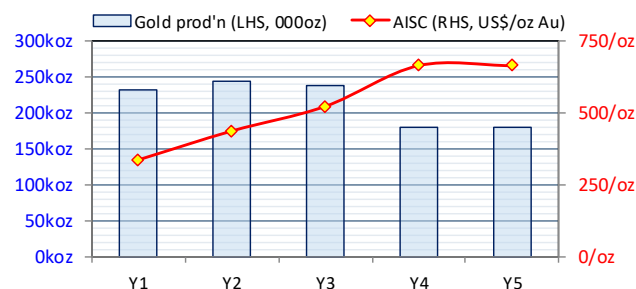
Group NAV over time^	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27
Oko West NPV (C\$m)	1,262.7	1,328.6	1,560.1	1,932.4	1,615.5
G&A and fin. costs (C\$m)	(111.0)	(101.9)	(99.8)	(89.5)	(61.5)
Net cash prior qtr (C\$m)	48.6	34.9	54.4	(249.4)	103.1
Cash from options (C\$m)	49.2	49.2	49.2	49.2	49.2
NAV FF FD (C\$m)	1,250	1,311	1,564	1,643	<b>1,706</b>
FD shares in issue (m)	1,178	1,178	1,178	1,483	1,483
1xNAV5%/sh FF FD (C\$/sh)*	<b>1.06</b>	<b>1.11</b>	<b>1.33</b>	<b>1.11</b>	<b>1.15</b>

Geared NAV at first pour, diluted for build, net G&A and fin. costs^	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
NAV at first gold (C\$m)	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
Discount rate: 9%	1,431	1,577	1,722	1,868	2,014
Discount rate: 7%	1,487	1,638	1,789	1,940	2,091
Discount rate: 5%	1,550	<b>1,706</b>	1,863	2,020	2,176
Geared project IRR:	54%	59%	64%	69%	73%
NAV at first gold (C\$/sh)*	\$1600oz	\$1700oz	\$1800oz	\$1900oz	\$2000oz
Discount rate: 9%	0.91	1.03	1.14	1.26	1.38
Discount rate: 7%	0.97	1.09	1.21	1.33	1.45
Discount rate: 5%	1.03	<b>1.15</b>	1.28	1.40	1.53

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

Production	Y1	Y2	Y3	Y4	Y5
Gold production (000oz)	231	244	238	180	180
AISC cost (US\$/oz)	336	436	521	663	663

AISC = C1 + ug sustaining capex, Y1 = CY26



Source: SCP estimates

Resource / Reserve	Tonnes	Grade	Ounces
SCP mining inventory	31Mt	2.00g/t	2000koz

Share data	Basic	FD with options	FD for build
Basic shares (m)	995.5	1,177.8	1,483

Project: USES	Funding: SOURCES
Pre-DFS exploration / G&A:	Cash at Nov 2022 C\$49m
Build capex:	Post PEA equity, 25% prem.: C\$0m
Fin. cost + WC over DFS:	Build equity @ 0.4xNAV: C\$176m
TOTAL USES:	65% geared debt @ 10%: C\$264m
Buffer / drill budget:	TOTAL SOURCES: C\$489m

Ratio analysis	CY20A	CY21A	CY22E	CY23E	CY24E
Average shares out (m)	507.2	614.9	968.2	1,183.3	1,482.9
EPS (C\$/sh)	-	-	-	-	-
CFPS (C\$/sh)	-	-	-	-	0.10
EV (C\$m)	192.3	223.2	324.2	420.7	516.5
FCF yield (%)	-	-	-	-	25%
PER (x)	-	-	-	-	-
EV/EBITDA (x)	-	-	-	-	-

Income statement	CY20A	CY21A	CY22E	CY23E	CY24E
Net revenue (C\$m)	-	-	-	-	-
COGS (C\$m)	-	-	-	-	-

Gross profit (C\$m)	CY20A	CY21A	CY22E	CY23E	CY24E
D&A, attrib (C\$m)	0.7	0.3	0.2	-	-
G&A + sh based costs (C\$m)	2.1	1.6	6.0	6.4	6.7
Finance cost (C\$m)	6.3	7.1	12.9	10.0	2.5
Taxes (C\$m)	-	-	-	-	-

Net income (C\$m)	CY20A	CY21A	CY22E	CY23E	CY24E
	(8.3)	(8.7)	(18.9)	(16.4)	(9.2)

Cash flow, attrib.	CY20A	CY21A	CY22E	CY23E	CY24E
EBIT (C\$m)	(2.1)	(1.6)	(6.0)	(6.4)	(6.7)
Add back D&A (C\$m)	0.7	0.3	0.2	-	-
Less tax + net interest (C\$)	6.3	7.1	12.9	10.0	2.5
Net change in wkg cap (C\$)	(1.1)	0.9	1.1	0.0	-
Other non-cash (C\$m)	(10.7)	(13.2)	(23.0)	(17.3)	(2.3)
<b>Cash flow ops (C\$m)</b>	<b>(6.9)</b>	<b>(6.4)</b>	<b>(14.9)</b>	<b>(13.7)</b>	<b>(6.5)</b>
PP&E - build + sust. (C\$m)	(0.0)	(0.1)	(0.3)	-	(150.0)
PP&E - expl'n (C\$m)	(0.5)	(0.2)	(0.4)	-	-
<b>Cash flow inv. (C\$m)</b>	<b>0.5</b>	<b>0.3</b>	<b>0.7</b>	-	<b>150.0</b>
Share issue (C\$m)	7.3	17.9	50.3	-	176.0
Debt draw (repay) (C\$m)	(0.3)	(0.1)	(0.1)	-	-
<b>Cash flow fin. (C\$m)</b>	<b>7.0</b>	<b>17.8</b>	<b>50.2</b>	-	<b>176.0</b>
Net change in cash (C\$m)	0.6	11.7	36.0	(13.7)	319.5
EBITDA (C\$m)	(7.6)	(8.4)	(18.7)	(16.4)	(9.2)

Balance sheet	CY20A	CY21A	CY22E	CY23E	CY24E
Cash (C\$m)	3.1	13.6	48.6	34.9	54.4
Acc rec., inv, prepaid (C\$m)	0.1	0.1	0.0	-	-
PP&E + other (C\$m)	3.4	3.1	3.9	3.9	153.9
<b>Total assets (C\$m)</b>	<b>6.6</b>	<b>17</b>	<b>52</b>	<b>39</b>	<b>208</b>
Debt (C\$m)	0.1	0.1	-	-	-
Accounts payable (C\$m)	1.3	2.2	3.5	3.5	3.5
Others (C\$m)	0.2	0.1	0.2	0.2	0.2
Total liabilities (C\$m)	1.6	2.4	3.7	3.7	3.7
Issued capital (C\$m)	162.5	181.5	239.1	241.8	420.5
Retained earnings (C\$m)	(157.5)	(167.1)	(190.4)	(206.8)	(216.0)
<b>Liabilities + equity (C\$m)</b>	<b>6.6</b>	<b>17</b>	<b>52</b>	<b>39</b>	<b>208</b>

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**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

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BUY:	53
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	55

<sup>1</sup> 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