

Perseus Mining Ltd

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Perseus Mining remains one of the strongest free cash flow generators in our coverage: Cormark Securities

Perseus Mining Limited (ASX:PRU) (TSE:PRU) (OTCMKTS:PMNXF) has successfully transitioned to a multi-mine, multi-jurisdictional gold producer, recording an EBITDA from operations of A\$273.8 million in FY20, a 67% increase compared to the previous financial year.

This follows an increase in sales revenue of 16% to A\$591.2 million and a decrease in cost of sales of 8% to A\$317.4 million.

Perseus is one of the strongest FCF (free cash flow) generators in Cormark Securities' coverage, expected to deliver over \$1.4 billion in FCF over the next 5 years as the company's third gold mine, Yaouré, remains on track for first production by late 2020.

The following is an extract from Cormark's research update:

Unless otherwise denoted, all figures shown in US\$

Event:

Fiscal 2020 financial results (year ended June 2020)

Impact:

Neutral

Commentary:

Perseus reported their semi-annual financial results for fiscal 2020 (YE-June 2020). For the 6-months ended June 2020, adjusted EPS was A\$0.05 (above our A\$0.02 estimate), CFPS was A\$0.12 (above our A\$0.10 estimate) and FCF was positive A\$13 MM (above our 8 MM estimate). Overall, the results were generally in line, with Perseus having pre-reported production, costs and the cash balance. See our note on those results here - Recoveries at Edikan Improve; Yaouré on Pace (July 22nd).

Calendar H2/20 guidance remains 126,000-139,000 oz at \$940-1,025/oz AISC.

Total reserves increased slightly YoY to 3.28 MMoz, from 3.27 MMoz at June 2019, despite 276,000 oz of depletion. This was largely due to the gold price assumption increase to \$1,300/oz (from \$1,200/oz), including pit re-optimization at Edikan. Resources declined slightly to 7.13 MMoz from 7.27 MMoz. This does not include the 530,000 oz Bago project which Perseus is acquiring from Exore.

Yaouré remains on track for first production by late 2020, with the caveat that COVID-19 continues to create uncertainty. The capex is more than covered by the existing cash balance (not to mention continued FCF from the

Price: 1.315

Market Cap: \$1.61 billion

1 Year Share Price Graph



October 2019 April 2020 October 2020

Share Information

Code: PRU

Listing: ASX

52 week	High	Low
	1.66	0.63

Sector: Gold & silver

Website: www.perseusmining.com

Company Synopsis:

Perseus Mining Ltd is dual listed on the Australian Securities Exchange (ASX:PRU) and the Toronto Stock Exchange (TSX:PRU).

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operating mines).

Investment Conclusion:

Perseus trades 0.67x NAV at spot, below other mid-tier West African producers. It remains one of the strongest FCF generators in our coverage, expected to deliver over \$1.4 BB in FCF over the next 5 years as Yaouré enters production. We expect production to reach ~500,000 by 2022.

We believe exploration (largely unmodelled) has the potential to move our NAV higher, especially following the Exore transaction. However, we flag the presidential election in CDI as a near-term risk, in October 2020.

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