

Catalysts

- 4Q21/CY22: ongoing drill results
- 1H22: maiden MRE

Research

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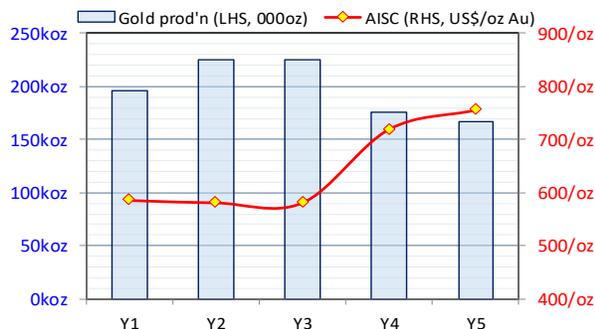
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Ticker: LCL AU	Price / mkt cap: A\$0.14/sh, A\$88m	Project PNAV today: 0.09x	Asset: Quinchia						
Author: B Salier B Gaspa	Rec/O.2xNAV PT: BUY, A\$0.36/sh	1xNAV_{3Q24} FF FD: C\$1.31/sh	Country: Colombia						
Commodity price	CY21E	CY22E	CY23E	CY24E	CY25E	Resource / Reserve	Tonnes	Grade	Ounces
Gold price	1,850	1,850	1,850	1,850	1,850	Miraflores resource	9.3Mt	2.74g/t	840koz
SOTP project valuation*						Dosquebrados resource	20.2Mt	0.71g/t	459koz
	A\$m	O/ship	NAVx	A\$/sh		Group resource incl Tes. S below	64.1Mt	1.24g/t	2563koz
Miraflores UG	296	100%	0.20x	0.09		Miraflores reserve	4.3Mt	3.29g/t	457koz
Tesorito South	784	100%	0.20x	0.23		SCP Tesorito S resource/reserve	35Mt	1.13g/t	1264koz
Pro-forma Cash	24.0	100%	1.00x	0.04		SCP total mining inventory	39.0Mt	1.37g/t	1721koz
Cash from options	2.9	100%	1.00x	0.00		Project: USES			
Nominal exploration	-	100%	1.00x	-		Funding: SOURCES			
Asset NAV5% US\$1850/oz	1,107		PT:	0.36		Pre-DFS expl'n / G&A:	A\$14m	ash 2Q21 + pre-Au ITM op.:	A\$27m
*Shares diluted for options not mine build Market P/NAV _{5%3Q23} 0.09x						Exploration to DFS	A\$13m	Equity for DFS:	A\$20m
Asset value: 1xNPV project @ build start (A\$m, ungeared)*						Build capex:	A\$460m	Build equity @ 0.4xNAV:	A\$210m
Project NPV (A\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz	Fin. cost + WC over DFS	A\$46m	65% geared debt @ 8%:	A\$299m
Discount rate: 9%	667	767	868	968	1,069	TOTAL USES: A\$520m			
Discount rate: 7%	759	869	979	1,089	1,199	TOTAL SOURCES: A\$566m			
Discount rate: 5%	866	986	1,107	1,227	1,348	Share data			
Ungeared IRR:	37%	41%	44%	48%	51%	Basic			
Asset value: 1xNPV project @ build start (A\$m, ungeared)*						FD with options			
Project NPV (A\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz	FD for build			
Discount rate: 9%	0.23	0.26	0.29	0.32	0.35	Basic shares (m)			
Discount rate: 7%	0.26	0.29	0.32	0.35	0.39	625.9			
Discount rate: 5%	0.29	0.32	0.36	0.39	0.43	678.0			
*Project NPV, ex fin. costs and cent G&A, discounted to build start						1,062			
Group NAV over time^						Ratio analysis			
	4Q21	4Q22	4Q23	4Q24	4Q25	CY20A			
Quinchia NPV (A\$m)	977.0	1,025.8	1,079.9	1,256.6	1,650.2	CY21E			
G&A and fin. costs (A\$m)	(112.1)	(114.8)	(117.3)	(116.0)	(104.4)	CY22E			
Net cash prior qtr (A\$m)	2.9	13.3	6.3	66.8	(266.2)	CY23E			
Cash from options (A\$m)	2.9	2.9	2.9	2.9	2.9	CY24E			
Nominal expl'n (A\$m)	-	-	-	-	-	Average shares out (m)			
NAV FF FD (A\$m)	871	927	972	1,210	1,282	332.0			
Shares in issue (m)	626	740	740	1,062	1,062	532.4			
1xNAV/sh FF FD (A\$/sh)^	1.39	1.25	1.31	1.14	1.21	725.9			
Geared NAV at first pour, diluted for build, net G&A and fin. costs^						740.2			
NAV, first gold (A\$m)	\$1650oz	\$1750oz	\$1850oz	\$1950oz	\$2050oz	941.2			
Discount rate: 9%	878	992	1,107	1,221	1,335	EPS (A\$/sh)			
Discount rate: 7%	946	1,068	1,189	1,311	1,432	-			
Discount rate: 5%	1,023	1,153	1,282	1,412	1,542	CFPS (A\$/sh)			
Geared project IRR:	33%	37%	41%	44%	48%	-			
NAV, first gold (A\$/sh)*						EV (A\$m)			
Discount rate: 9%	0.69	0.83	0.97	1.11	1.25	38.7			
Discount rate: 7%	0.79	0.94	1.09	1.24	1.39	74.3			
Discount rate: 5%	0.89	1.05	1.22	1.38	1.55	90.0			
^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for build equity						99.4			
Production						148.1			
	Y1	Y2	Y3	Y4	Y5	FCF yield (%)			
Production (000oz Au)	196	225	225	176	167	-			
C1 cost (US\$/oz)	469	469	469	596	630	PER (x)			
AISC cost (US\$/oz)	586	581	581	719	756	-			
AISC = C1 + ug sustaining capex, Y1 = CY25						P/CF (x)			
						-			
						EV/EBITDA (x)			
						-			
						Income statement			
						CY20A			
						CY21E			
						CY22E			
						CY23E			
						CY24E			
						Net revenue (A\$m)			
						0.1			
						COGS (A\$m)			
						-			
						Gross profit (A\$m)			
						0.1			
						D&A, attrib (A\$m)			
						0.0			
						G&A + sh based (A\$m)			
						3.9			
						Finance cost (A\$m)			
						1.3			
						Taxes (A\$m)			
						-			
						Net income (A\$m)			
						(5.3)			
						Cash flow, attrib.			
						CY20A			
						CY21E			
						CY22E			
						CY23E			
						CY24E			
						EBIT (A\$m)			
						(3.9)			
						Add back D&A (A\$m)			
						0.0			
						Less tax, interest (A\$m)			
						1.3			
						Wkg cap change (A\$m)			
						-			
						Other non-cash (A\$m)			
						(2.1)			
						Cash flow ops (A\$m)			
						(4.7)			
						PP&E: build /sust (A\$m)			
						(0.6)			
						PP&E - expl'n (A\$m)			
						(2.0)			
						Cash flow inv. (A\$m)			
						2.6			
						Share issue (A\$m)			
						16.0			
						Debt draw (repay) (A\$m)			
						(0.4)			
						Cash flow fin. (A\$m)			
						15.7			
						Net cash change (A\$m)			
						13.5			
						EBITDA (A\$m)			
						-			
						Balance sheet			
						CY20A			
						CY21E			
						CY22E			
						CY23E			
						CY24E			
						Cash (A\$m)			
						7.8			
						AR, inv, prepaid (A\$m)			
						0.2			
						PP&E + other (A\$m)			
						20.0			
						Total assets (A\$m)			
						28			
						Debt (A\$m)			
						-			
						Accounts payable (A\$m)			
						0.5			
						Others (A\$m)			
						0.2			
						Total liabilities (A\$m)			
						0.7			
						Issued capital (A\$m)			
						370.5			
						Earnings (A\$m)			
						(343.1)			
						Liabilities + equity (A\$m)			
						28			

Source: SCP estimates



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HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	48

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