

RAMELIUS RESOURCES LTD (RMS)

Setting up Edna May

In a string of developments since mid-September Ramelius has transformed the outlook for Edna May. The net effect is that Ramelius has covered Edna May's short term future and opened up some longer term options.

Ramelius plans to resume underground development at Edna May. The initial 61koz reserve estimate is limited to 2 parallel lodes in the 250-450m depth range. There are more parallel lodes to the two selected and drilling has intersected quartz lodes at 600m depth (8m at 16 g/t). Ramelius estimates \$6M up front capital, and development on ore in the March 2019 quarter.

Edna May produced 17koz in July and August, ahead of the 22koz September quarter guidance. Edna May pit ore, Greenfinch and stockpiles in reserves account for Edna May's full 2.7Mtpa capacity until about June 2020.

On the acquisition trail

Ramelius is bidding for Explaurum (EXU), on the basis of 1 RMS share for 4 EXU shares, with no minimum acceptance condition. Explaurum owns 90% of the undeveloped Tampia project, 130km by road south of Edna May. In its June 2018 feasibility studies EXU proposed a pit yielding 460koz over 5 years. Hartleys' pre-bid valuation of 90% of Tampia is \$83M (NPV, 8% after tax DR), compared to the effective bid price of \$88M (131M shares at \$0.67 each - our valuation). Ramelius' development plans are still far from firm, but our initial view is that an Explaurum acquisition would add value per RMS share. The Explaurum board has advised shareholders to wait for their formal response to the offer.

Ramelius has agreed to buy the Marda project for \$13M, subject to approval. Marda has JORC 2004 meas. & ind. resources of 250koz associated with eight pit positions, about 150km trucking distance from Edna May. The resources, which were considered for stand-alone development from 2011 to 2015, come permitted so that Ramelius could start mining at Marda by June 2019. The Company has had success with longer range ore trucking projects at Kathleen Valley and Vivien, and is looking to do the same from Tampia and Marda. On paper Tampia and Marda combined could add +500koz to Edna May's 203koz in reserves at the end of FY2018.

Mt Magnet reserves up

Reserves at Mt Magnet and Vivien increased from 452koz to 497koz after depletion of 142koz in FY2018. Hartleys' current model has Vivien's low cost 40-50kozspa contribution continuing until the September 2020 quarter. Underground mining at Shannon, Hill 60 and eventually Morning Star have potential to fill the gap if necessary. The Mt Magnet mine plan based on 2018 reserves extends to early 2023.

Maintain Buy recommendation.

Ramelius continues to successfully manage Mt Magnet as a multi-mine operation and is preparing Edna May along similar lines. Hartleys values the Company at 64 cps and thinks the Explaurum and Marda acquisitions could add further value if completed. Long term claims on a low-medium cost +200kozspa production base would also be strengthened.

Share Price	\$0.488
Valuation	\$0.65
Price Target (12 month)	\$0.69

Brief Business Description:

WA based gold producer and explorer.

Hartleys Brief Investment Conclusion

Profitable producer getting good returns from two WA gold mines. Market appreciation should come with continued good performance.

Chairman & MD

Kevin Lines (Non-exec Chairman)

Mark Zeptner (MD)

Top Shareholders

Ruffer LLP 10.2%

Van Eck Associates 6.8%

Company Address

Level 1, 130 Royal St
East Perth, WA, 6004

Issued Capital

527m

- fully diluted 538m

Market Cap A\$257m

- fully diluted A\$262m

Cash + bullion (30 June 18) A\$95m

Debt (30 June 18) A\$0m

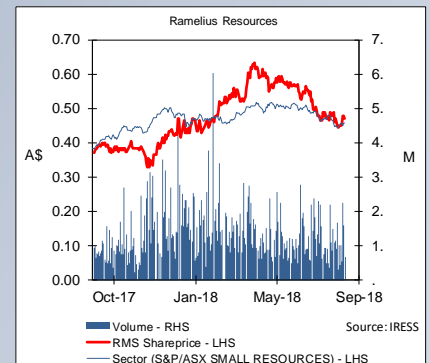
EV A\$162m

EV/Resource oz A\$60/oz

EV/Reserve oz A\$85/oz

	Prelim. (A\$m)	FY17e	FY18e	FY19e
Prod (koz Au)	124	207	207	207
Op Cash Flw (A\$m)	66	121	96	96
Norm NPAT (A\$m)	17	30	41	41
CF/Share (cps)	12	23.0	18.1	18.1
EPS (cps)	3.3	5.8	7.7	7.7
P/E	14.9	8.5	6.3	6.3

	Au
Resources (Moz)	2.7
Reserves (Moz)	0.7



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SUMMARY MODEL

Ramelius Resources RMS						Buy								
Market Information						Directors								
Share price					\$0.49	Kevin Lines (Non-exec Chairman)	Company Information							
Market Capitalisation					\$257m	Mark Zepner (MD)	Level 1, 130 Royal St							
Net cash (debt)					\$95m	Michael Bohm (Non-Exec Director)	East Perth, WA, 6004							
Issued Capital (F.pd)					\$28m	David Southam (Non-Exec Director)	+61 8 9202 1127							
Issued Capital (F.diluted)					\$38m		+61 8 9202 1138							
EV					\$162m		www.rameliusresources.com.au							
Valuation					\$0.65	Top Shareholders								
12 month price target					\$0.69	Ruffer LLP	m shares			%				
Spot Valuation					\$0.59	Van Eck Associates	54.1			10.2				
							36.0			6.8				
Profit & Loss						Production Summary								
Net Revenue	Unit	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21	Underground ore mined	Unit	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21	
Forward sales	AS\$M	0	3	2	-2	0	UG ore grade	g/tAu	7.4	6.3	6.1	5.4	4.8	
Total Costs	AS\$M	-140	-231	-255	-267	-161	Open pit ore mined	Mt	1.27	4.42	2.86	2.59	1.60	
EBITDA	AS\$M	66	121	96	134	78	Open pit ore grade	g/tAu	1.5	1.0	1.4	1.3	1.4	
- margin		32%	35%	27%	33%	33%	Mill Throughput	Mt	1.89	4.00	4.72	4.17	2.45	
Depreciation/Amort	AS\$M	-42	-78	-38	-61	-41	Head grade	g/t	2.2	1.7	1.4	1.8	1.9	
EBIT	AS\$M	23	44	57	73	38	Gold	(koz)	124	207	207	230	138	
Net Interest	AS\$M	1	0	0	0	0	AISC	AS/oz	1,205	1,106	1,226	1,119	1,115	
Pre-Tax Profit	AS\$M	25	44	57	73	38	Costs							
Tax Expense	AS\$M	-7	-14	-16	-22	-12	Cost per milled tonne	\$A/t	65	50	48	57	57	
NPAT	AS\$M	17	30	41	51	26	Total cash costs incl. royalty	\$A/oz	1047	1070	1156	1075	1051	
Abnormal Items	AS\$M						+ depreciation & amortisation	\$A/oz	1385	1444	1342	1341	1346	
Reported Profit	AS\$M	17	30	41	51	26	All in sustaining costs (AISC)	AS/oz	1205	1106	1226	1119	1115	
Balance Sheet						Price Assumptions								
Cash	AS\$M	80	92	140	234	266	AUDUSD	Unit	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21	
Other Current Assets	AS\$M	34	55	51	52	53	Gold	US\$/oz	1239	1290	1264	1327	1326	
Total Current Assets	AS\$M	114	147	191	286	319	Gold	AS\$/oz	1643	1679	1687	1750	1720	
Property, Plant & Equip.	AS\$M	94	128	121	83	47	Hedging							
Investments/expn.	AS\$M	19	19	19	19	19	Hedged sales	koz	60	62	70	42	0	
Deferred tax assets	AS\$M	31	38	38	38	38	Hedged price	AS/oz	1636	1723	1712	1712	0	
Tot Non-Curr. Assets	AS\$M	144	185	178	139	104	Hedge gain(loss)	AS/M	0	3	2	-2	0	
Total Assets	AS\$M	258	332	369	425	423	Hedged %		48%	30%	34%	18%		
Short Term Borrowings	AS\$M	0	0	0	0	0	Sensitivity Analysis							
Other	AS\$M	25	47	36	37	38	Base Case	Valuation	0.65	FY19 NPAT				
Total Curr. Liabilities	AS\$M	25	47	36	37	38	US Gold price +/-10%	Sens	-10%	+10%	Sens	-10%	+10%	
Contingent consideration	AS\$M	15	15	15	15	15	AUDUSD +/- 10%		36%	0.41	0.88	45%	22.5	59.3
Other	AS\$M	40	74	61	62	63	Production +/-10%		25%	0.49	0.81	36%	26.2	55.6
Total Non-Curr. Liabil.	AS\$M	40	89	76	77	78	Operating Costs +/-10%		31%	0.45	0.85	29%	29.0	52.7
Total Liabilities	AS\$M	65	136	112	114	116	Unpaid Capital							
Net Assets	AS\$M	192	196	257	311	306	Expiry year	No. (M)	\$M	Avg ex.	% ord			
Cashflow						Reserves & Resources as at June 2018								
Operating Cashflow	AS\$M	66	121	96	134	78	TOTAL RESOURCE	Mt	g/t Au	Koz	Mkt cap/oz			
Income Tax Paid	AS\$M	0	0	0	0	-2	Mt Magnet/Vivien	44.5	1.9	2,709	35			
R&D grant	AS\$M						Edna May	36.3	2.1	2,393				
Interest & Other	AS\$M	1	0	0	0	0		8.2	1.2	316				
Operating Activities	AS\$M	67	122	96	134	56	INCLUDES TOTAL RESERVE	13.4	1.6	701	367			
Property, Plant & Equip.	AS\$M	-39	-51	-31	-22	-5	Mt Magnet open pit+stockpile	6.9	1.5	333				
Exploration	AS\$M	-15	-16	-17	-18	-19	Mt Magnet, Vivien underground.	1.0	5.2	167				
Asset sales/acq	AS\$M	-40	0	0	0	0	Edna May open pit+stockpile.	5.1	0.9	139				
Investments	AS\$M	-5	-5	-5	-5	-5	Edna May underground.	0.4	4.8	62				
Investment Activities	AS\$M	-54	-111	-48	-40	-24	Hartleys model June '18							
Borrowings	AS\$M	0	0	0	0	0	TOTAL INVENTORY	13.7	1.7	745	128			
Equity	AS\$M	23	0	0	0	0	Mt Magnet open pit	7.6	1.4	350				
Financing Activities	AS\$M	23	0	0	0	0	Mt Magnet & Vivien underground	0.7	8.7	190				
Net Cash Change	AS\$M	36	11	48	94	32	Edna May open pit	5.0	0.9	143				
Shares						Share Price Valuation (NAV)								
Ordinary Shares - End	M	527	528	530	532	532	Risked Est. AS\$ - AS/share							
Diluted Shares	M	538	538	538	538	538	100% Mt Magnet after tax 7% DR	162	0.31					
Ratio Analysis						100% Edna May after tax 7% DR								
GCFPS	A¢	12.5	23.0	18.1	25.3	14.8	Exploration	69	0.13					
CFR	X	3.9	2.1	2.7	1.9	3.3	Corporate overheads	-49	-0.09					
EPS	A¢	3.3	5.8	7.7	9.6	4.9	Net cash (debt)	92	0.17					
PER	X	14.9	8.5	6.3	5.1	10.0	Contingent payment	0	0.00					
DPS	%	na	na	na	na	na	Tax benefit	6	0.01					
Yield	%	na	na	na	na	na	Hedging	0	0.00					
Interest Cover	x	na	-	-	-	-	Option/equity dilution	-7	-0.01					
ROCE	%	16%	24%	32%	52%	36%	Total	342	0.65					
ROE	%	13%	22%	22%	23%	12%	*All values fully diluted unless otherwise stated							
Gearing	%	-	7.8%	6.0%	5.0%	5.0%	Sources: IRESS, Company reports, Hartleys Research							

EDNA MAY

In a string of developments since mid-September Ramelius has transformed the outlook for Edna May.

- 10 Sep – Scrip takeover bid announced for Explaurum (EXU), 90% owner of the undeveloped Tampia project, 130km by road south of Edna May. Ramelius is bidding for all Explaurum shares, on the basis of 1 RMS share for 4 EXU scrip offer. There is no minimum acceptance condition.
- 13 Sep - Agreement to buy the Marda project from the liquidators of Black Oak Minerals (BOK) for \$13M. Marda has JORC 2004 meas. & ind. resources of 3.8Mt at 2.0 g/t (250koz) associated with eight pit positions, 150-200km trucking distance from Edna May.
- 18 Sep – Resources and reserves as at June 30 2018 were stated for Edna May (and Mt Magnet), combined with the decision to recommence underground mining at Edna May instead of an open pit cutback.

The net effect is that Ramelius has covered Edna May's short term future and opened up some longer term options.

ROM and low grade stockpiles at the end of June were 2.8Mt at 0.6 g/t, or a full year's mill feed, complementing 2.4Mt in remaining pit reserves in Edna May Stage 2 and Greenfinch. Greenfinch (1.7Mt at 1.2 g/t) is still to be permitted, but stockpiles were twice the level we expected. Ramelius noted that Edna May produced 17koz in July and August, ahead of the 22koz September quarter guidance.

Ramelius plans to resume underground development at Edna May. The initial reserve estimate of 400kt at 4.8 g/t (61koz) represents 2 parallel lodes in the 250-450m depth range. Reserves are modest, but we are learning not to read too much into Ramelius' early plans – Vivien is on track to yield 80koz (75%) more gold (production + 2018 reserves) than estimated pre-development in 2016. Water Tank Hill is up 10% on the same basis, across a one year exercise. At Edna May there are more parallel lodes to the two selected and drilling has intersected quartz lodes at 600m depth (8m at 16 g/t). Ramelius estimates up front capital of \$6M and development to begin on ore in the March 2019 quarter. Projected output is 25koz pa, at an average AISC of A\$1240/oz, including A\$150/oz in royalties.

With existing assets and reserves Ramelius can keep Edna May's mill full at 2.7Mtpa until about June 2020. The Marda acquisition and Explaurum takeover bid are aimed at securing ore sources to complement the 175ktpa underground mine. Ramelius has had success with longer range ore trucking projects at Kathleen Valley and Vivien, and is looking to do the same here.

The Marda acquisition is subject to BOK creditor approval, expected before the end of Dec 2018. Ramelius has had data room access, and has seen nothing to doubt the resources, which were the subject of stand alone development studies from 2011 to 2015. The resources come with permitting advanced to the point that Ramelius could start mining at Marda by June 2019.

If the Explaurum offer is successful Ramelius intends to assess Tampia on both stand alone and ore trucking options. EXU plans to complete a bankable feasibility study (BFS) on Tampia by late November 2018. In its June 2018 feasibility studies

EXU proposed a pit and 1.5 Mtpa gravity/float/CIL circuit built on site, recovering 460koz over 5 years. The Tampia stand alone project's \$119M pre-development capex now has to compete with the capital of setting up a pit and trucking operation (up to \$20M may be required for a flotation circuit at Edna May to accommodate Tampia ore), plus \$10/t trucking op cost (\$70M over the mine life assuming EXU's reserve estimate).

Hartleys' valuation of 90% of Tampia (including Mace, before other exploration potential) is \$83M (NPV, 8% after tax DR), compared to effectively \$84M (131M shares at \$0.64 each - our valuation) being offered to Explaurum shareholders. Explaurum shareholders benefit from the offer mainly through shared corporate costs and access to the RMS balance sheet. We model EXU at 15-17cps, including minus 11-14cps in equity dilution and corporate overheads – costs that would evaporate in a merged entity.

Capital and inventory numbers applicable to Ramelius are still far from firm, but our initial view is that an Explaurum acquisition would add value per RMS share.

The Explaurum board has advised shareholders to wait for their formal response.

On paper Tampia and Marda combined could add +500koz to Edna May's 203koz in reserves at the end of June 2018.

MT MAGNET

Reserves at Mt Magnet and Vivien increased from 452koz to 497koz after depletion of 142koz. Additions at Eridanus (85koz), Shannon underground (54koz) and Hill 60 (24koz) accounted for most of the changes. About half of Vivien's 52koz depleted were replaced, with reserves estimated at 77koz at 30 June 2018. In aggregate for FY2018, the active Titan, Milky Way, Shannon and Stellar pits reconciled closely with June 2017 ounces in reserve estimates.

The Eridanus reserve estimate of 2.1Mt at 1.2 g/t, is short of our expectation. We suspect Ramelius leaves room in its forward estimates, including reserves, to beat them at the production stage. Nonetheless we pare our model back to RMS estimates.

Hartleys' current model has Vivien's low cost 40-50kozspa contribution continuing until the September 2020 quarter. Underground mining of the new porphyry targets, of which Shannon is the first, show the most potential to fill the gap near term. The deeper Morning Star target will also be assessed.

Fig. 1: Ramelius resources as at June 2018.

30/06/2018 Resources	Meas			Ind			Inf			Total			
	Ore tonnes	Grade g/t	Total	Ore tonnes	Grade g/t	Total Oz	Ore tonnes	Grade g/t	Total Oz	Ore tonnes	Grade g/t	Total Oz	
Galaxy Group	100%	92	1.8	5	4279	1.4	193	2316	1.2	89	6,687	1.3	287
Morning Star	100%				4866	1.9	297	4,322	1.5	208	9,188	1.7	506
Bartus Group	100%	49	2.2	3	115	2.1	8	238	1.6	12	402	1.8	23
Boomer	100%				1194	1.8	69	786	1.0	25	1,980	1.5	94
Britannia Well	100%							179	2.0	12	179	2.0	12
Bullocks	100%				202	3.3	21	40	2.5	3	242	3.2	25
Eastern Jaspillite	100%	146	2.2	10	121	2.8	11	134	2.5	11	401	2.5	32
Eclipse	100%				167	2.2	12	41	2.1	3	208	2.2	15
Eridanus	100%				2840	1.3	119	690	1.1	24	3,530	1.3	143
Golden Stream	100%				154	2.9	14	7	1.7	0	161	2.8	15
Lone Pine	100%	199	2.5	16	277	1.7	15	147	1.7	8	623	2.0	39
Milky Way	100%				2590	1.2	100	1630	1.1	58	4,220	1.2	158
O'Meara Group	100%				231	2.5	19	151	1.5	7	382	2.1	26
Spearmont Galtee	100%				25	2.9	2	207	4.3	29	232	4.1	31
Stellar	100%				580	1.5	28	150	1.6	8	730	1.5	36
Stellar West	100%				290	1.6	15	120	1.0	4	410	1.4	19
Welcome - Baxter	100%	222	1.6	11	276	1.6	14	198	1.8	11	696	1.7	37
Mt Magnet open pit	100%	708	2.0	47	18,207	1.6	937	11,356	1.4	513	30,271	1.5	1,497
Hill 50 Deeps	100%	279	5.5	49	932	7.0	210	396	6.4	81	1,607	6.6	341
Hill 60 UG	100%				200	4.4	28	160	4.3	22	360	4.4	50
Morning Star Deeps	100%				195	4.2	26	334	5	54	529	4.7	80
Saturn UG	100%							1607	2.5	129	1,607	2.5	129
Shannon UG	100%				480	5.0	77	288	4.2	39	768	4.7	116
Water Tank Hill UG	100%				71	6.8	16	71	4.4	10	142	5.6	26
Mt Magnet UG	100%	279	5.5	49	1,878	5.9	357	2,856	3.7	335	5,013	4.6	742
ROM & LG stocks	100%	383	0.9	11							383	0.9	11
Total Mt Magnet	100%	1370	2.4	107	20,085	2.0	1294	14,212	1.9	848	35,667	2.0	2,250
Vivien UG	100%	477	6.4	98	80	6.0	15	117	3.7	14	674	5.9	128
Edna May	100%				700	1.1	25			0	700	1.1	25
Edna May UG	100%				356	6.7	77				356	6.7	77
Greenfinch	100%				2,700	1.1	95	1700	1.1	60	4,400	1.1	156
ROM & LG stocks	100%	2758	0.6	53							2,758	0.6	53
Total Edna May	100%	2758	0.6	53	3,756	1.6	197	1,700	1.1	60	8,214	1.2	310
Mossbecker	100%				107	2.6	9	122	3.4	13	229	3.0	22
Yellow Aster	100%				91	3.8	11	300	2	19	391	2.4	30
Nil Desperandum	100%				23	5.8	4	101	2.9	9	124	3.4	14
Coogee	100%				31	3.6	4	65	3.3	7	96	3.4	10
Western Queen WQ South	100%				104	3.6	12	81	3.4	9	185	3.5	21
Total other	100%				356	3.5	40	669	2.7	58	1,025	3.0	98
Total Ramelius	100%	4,605	1.7	258	24,277	1.9	1,507	16,698	1.7	922	45,580	1.8	2,687

Source: Ramelius Resources

Fig. 2: Ramelius reserves as at June 2018.

Reserves June 2018	Proved			Probable			Total					
	kt	g/t	kozs	kt	g/t	kozs	kt	g/t	kozs			
Boomer				132	2.9	12	132	2.9	12			
Brown Hill				623	1.6	32	623	1.6	32			
Eridanus				2,148	1.2	83	2,148	1.2	83			
Golden Stream				95	3.0	9	95	3.0	9			
Lone Pine				246	1.8	14	246	1.8	14			
Milky Way				1,320	1.3	55	1,320	1.3	55			
Morning Star				1,099	1.9	67	1,099	1.9	67			
O'Meara				50	3.3	5	50	3.3	5			
Shannon				143	2.7	12	143	2.7	12			
Stellar				330	1.5	16	330	1.5	16			
Stellar West				90	2.4	7	90	2.4	7			
Vegas				192	1.4	9	192	1.4	9			
Total Mt Magnet open pit				6,468	1.5	322	6,468	1.5	322			
Hill 60				209	3.5	24	209	3.5	24			
Shannon				324	5.2	54	324	5.2	54			
Water Tank Hill				85	3.4	9	85	3.4	9			
Total Mt Magnet UG				618	4.4	87	618	4.4	87			
Vivien UG				38	4.8	6	369	6.5	77			
ROM & low grade stocks				383	0.9	11	383	0.9	11			
Total Mt Magnet + Vivien				714	3.6	82	7,124	1.8	415	7838	2.0	497
Edna May Stage 2				640	1.1	23	60	1.1	2	700	1.1	25
Edna May UG							398	4.8	61	398	4.8	61
Greenfinch							1,652	1.2	64	1,652	1.2	64
ROM & LG stocks				2758	0.6	53				2758	0.6	53
Total Edna May				3398	0.7	76	2,110	1.9	127	5508	1.1	203
Total Ramelius				8224	1.2	316	25,554	1.8	1494	33778	1.7	1810

Source: Ramelius Resources

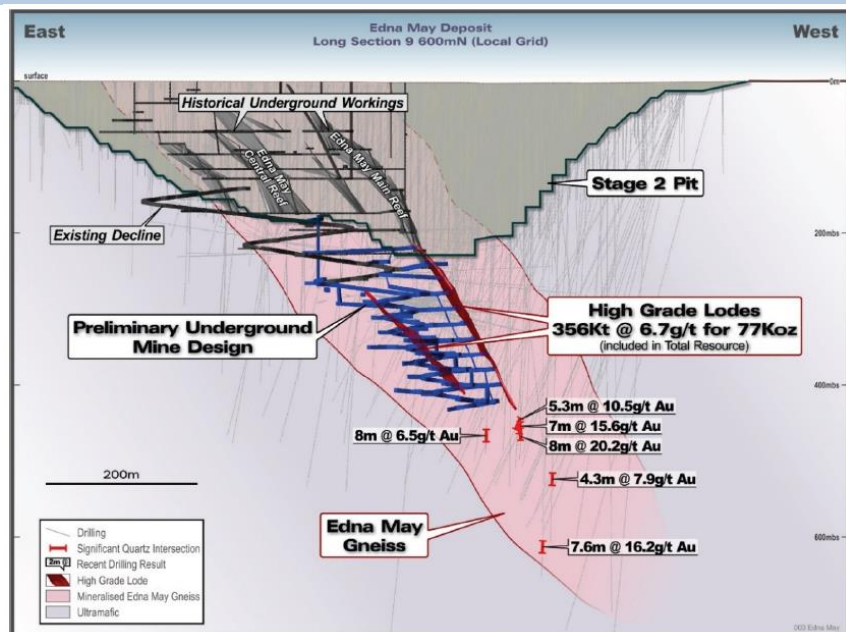
Fig. 3: Hartleys' forecast Ramelius production.

Ramelius is guiding 210koz in FY2019, at average AISC of \$1200/oz.

Production Summary	Unit	Jun 17	Jun 18	Jun 19	Jun 20	Jun 21
Mt Magnet/Vivien						
Underground ore mined	Mt	0.20	0.41	0.26	0.34	0.13
UG ore grade	g/tAu	7.40	6.30	6.24	5.79	4.77
Open pit ore mined	Mt	1.27	1.03	1.60	1.60	1.60
Open pit ore grade	g/tAu	1.55	1.25	1.45	1.43	1.43
Mill Throughput	Mt	1.89	1.99	1.99	2.06	1.85
Head grade	g/t	2.20	2.23	2.12	2.36	1.92
Combined Recovery & Payability	%	0.93	0.94	0.94	0.94	0.94
Gold	(koz)	124	135	128	147	108
AISC	(A\$/oz)	1205	1077	1226	1135	1143
Edna May						
Underground ore mined	Mt			0.02	0.22	0.16
UG ore grade	g/tAu			4.80	4.80	4.80
Open pit ore mined	Mt		3.40	1.26	0.99	0.00
Open pit ore grade	g/tAu		0.96	1.23	1.20	0.00
Mill Throughput	Mt		2.01	2.73	2.11	0.60
Head grade	g/t		1.20	0.96	1.30	1.69
Combined Recovery & Payability	%		0.94	0.94	0.94	0.94
Gold	(koz)		72	79	83	31
AISC	(A\$/oz)		1159	1227	1090	1017
Total						
Underground ore mined	Mt	0.20	0.41	0.28	0.56	0.29
UG ore grade	g/tAu	7.40	6.30	6.14	5.40	4.79
Open pit ore mined	Mt	1.27	4.42	2.86	2.59	1.60
Open pit ore grade	g/tAu	1.55	1.03	1.35	1.34	1.43
Mill Throughput	Mt	1.89	4.00	4.72	4.17	2.45
Head grade	g/t	2.20	1.71	1.45	1.82	1.86
Gold	(koz)	124	207	207	230	138
AISC	(A\$/oz)	1205	1106	1227	1119	1115

Source: Hartleys Research

Fig. 4: Edna May long section showing preliminary underground mine design, looking south.



Source: Ramelius Resources August 2018

EARNINGS CHANGES

Fig. 5: Earning changes to Hartleys' model since August 2018.

	30 Jun 17	30 Jun 18			30 Jun 19			30 Jun 20		
		old	new	% diff	old	new	% diff	old	new	% diff
Hartleys Production (koz)	124	207	207	0%	209	207	-1%	209	230	10%
Implied price received (A\$/oz)	1654	1702	1702	0%	1692	1692	0%	1735	1736	0%
Total cash costs (A\$/oz)	1127	1116	1116	0%	1242	1234	-1%	1106	1162	5%
Net Revenue	206	353	353	0%	354	350	-1%	363	399	10%
Total Cash Costs	-140	-231	-231	0%	-260	-255	-2%	-231	-267	15%
EBITDA	66	121	121	0%	94	95	1%	132	132	0%
- margin	32%	35%	35%	0%	26%	27%	2%	36%	33%	-9%
Depreciation/Amort	-42	-74	-78	5%	-30	-38	27%	-65	-61	-6%
EBIT	23	48	44	-8%	64	56	-12%	67	71	7%
Net Interest	1	0	0	n/a	0	0	n/a	0	0	n/a
Pre-Tax Profit	25	48	44	-8%	64	56	-12%	67	71	7%
Tax Expense	-7	-15	-14	-7%	-19	-16	-16%	-20	-21	7%
NPAT	17	33	30	-8%	45	40	-10%	47	50	6%
Abnormal Items	0	0	0	n/a	0	0	n/a	0	0	n/a
Minority	0	0	0	n/a	0	0	n/a	0	0	n/a
Profit Attrib	17	33	30	-8%	45	40	-10%	47	50	6%
capex + exploration	-54	-66	-66	0%	-61	-48	-21%	-41	-40	-2%
Net cash	80	92	92	0%	126	139	10%	217	231	7%
Dividends Per Share	0	0	0		0	0		0	0	

Source: Hartleys Research

VALUATION

Hartleys' Ramelius modelling takes into account publicly available information including Ramelius' projected group production profile and production guidance given periodically. Costs are estimated according to information supplied by Ramelius and reconciliation against past accounts.

At Vivien, Hartleys' modelled inventory is 11,000 ounces higher than Ramelius' June 2018 reserve of 77,000 ounces, on the presumption that progressive mine development and drilling will add incremental reserves as access allows. Additional exploration, development and mining costs are taken into account.

The pit inventory at Mt Magnet is modelled here at 7.6Mt at 1.4 g/t (350koz) compared to 6.5Mt at 1.6g/t (320koz) in reserve at the end of June 2017, accounting for additional low grade ore mined in planned pits. Waste:ore is modelled at a constant 8:1 over the forward mine plan. The modelled Mt Magnet underground inventory of 85koz as at June 2108 is equivalent to reserves at Water Tank Hill, Shannon and Hill 60.

Edna May Stage 2 is modelled assuming completion of the pit as per the June 2108 reserves schedule. Edna May underground is also modelled according to reserves as at June 2018. Royalty payments of A\$150/oz on all production between 200koz and 700koz are included in costs.

PRICE TARGET

The price target is based on a discounted cash flow valuation of the Mt Magnet, Vivien and Edna May operations, an informal estimate of exploration assets value and nominal assessment of Ramelius' other assets and liabilities. Hedging arrangements are valued separately from the mining assets. A real, after tax discount rate of 7% is used in net present value estimations. Hartleys base case commodity and currency forecasts, set out in the summary table, are used to

estimate the base case NAV. For Ramelius the 12 month share price target is based on the base case NAV.

RISKS

Fig. 6: Key assumptions and risks for valuation

Assumption	Risk of not realising assumption	Risk to valuation if assumption is incorrect	Comment
Gold price, currency	High	Industry ave. - high	Ramelius' forward looking AISC production cost of about A\$1100/oz is close to the Australian industry average, and hedging (30% of 3 yrs) is modest.
Exploration, re-investment	Medium	High	Ramelius may invest most of its cash and future free cash flows in exploration and/or other mineral asset acquisitions. Valuation assumes that future exploration and investments achieve acceptable returns. Ramelius has a very good recent record delivering against reserves.
Mine performance matches reserve estimates	Medium-low	Low	
Exploration asset value	Medium	Medium	Subjective value is attributed to exploration assets at Mt Magnet and Edna May.
Costs	Medium	High	Publicly available information has been used in forecasting operating and capital costs. Some cost assumptions are based on incomplete information or informal estimates.
<i>Conclusion</i>	<i>Ramelius faces industry average risks with respect to gold price and currency. Major recommendation risks relate to future re-investment and exploration returns.</i>		

Source: Hartleys Research

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Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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