

## RAMELIUS RESOURCES LIMITED (RMS)

### Increased production at reduced costs (<A\$1,050/oz)

Ramelius Resources achieved DecQ gold production of 27,793oz (previously disclosed) at AISC of A\$1,046/oz (vs guidance of 23-25koz at AISC of A\$1,250/oz). Production of 11,834oz from Mt Magnet (vs guidance of 12koz) and 15,959oz from Kathleen Valley (vs guidance of 12koz) was a strong DecQ result. The Company spent ~A\$10m on capital development at Vivien (A\$6.3m), Kathleen Valley (A\$2.7m) & exploration (A\$1.0m) during DecQ.

The majority of the required capex is now sunk for the Company to ramp up to ~135kozpa at AISC of ~A\$1,100/oz over the coming quarters. At current spot prices we model EBITDA of ~A\$80m in FY17 as the Vivien underground mine moves into production and combines with the currently operating Kathleen Valley (KV) & Mt Magnet operations.

### KV satellite project exceeds guidance for grade and recoveries

The KV satellite project continues to overcall with a DecQ head grade of 5.9g/t Au (vs 4.2g/t Au reserve). Kathleen Valley also continues to exceed guidance with recoveries of 97% (vs guidance of 95%). Based on our modelling the KV satellite project is currently operating at AISC of <A\$800/oz. The KV project is looking to generate production of ~40-50koz for the remainder of the minelife (end of CY16). The Kathleen Valley project is underpinned by the Mossbecker open pit where the Company is currently mining with a ~6g/t Au head grade and a ~8:1 strip ratio.

### Perseverance grade begins to kick up over coming quarters

Gold production is expected to increase through FY16 due to the increased head grade being fed from the satellite projects (Vivien & KV) and improving head grade from the Perseverance pit at Mt Magnet. Mt Magnet is ramping up the Perseverance pit with a head grade of 1.1g/t Au and lower grade stockpiles are required to top-up the mill feed. However, as the Vivien project ramps up, Mt Magnet will require less low grade feed and the Perseverance pit will generate the majority of the required feed. The Perseverance pit has a reserve grade of 1.9g/t Au and the grade profile increases significantly with depth over the coming quarters.

### Minelife extension from the Milky Way discovery, maintain Buy

The Milky Way discovery is located below an existing pit ~3.6km from the Mt Magnet processing plant and has a best intercept to date of 22m @ 55.05g/t Au from 112m; within 89m @ 13.9g/t Au from 108m. The Milky Way discovery has potential to significantly improve the economics of the Mt Magnet project. RMS has commenced infill drilling and deeper exploration drilling initially below the above intercept. We expect first results from this program imminently. The current resource definition drill program is likely to be completed during the MarQ with a maiden resource expected soon after. The Company is clearly focussed on defining the Milky Way discovery and its potential to extend the current ~4 year minelife.

In our opinion RMS is one of the better value AUD gold producers on the ASX and is becoming increasingly likely to extend minelife at Mt Magnet with the recent Milky Way discovery. We see potential for the re-rate to continue as the broader market notices the significance of this turnaround story and the value still on offer, maintain our Buy recommendation and a price target of 46c

Share Price	\$0.268
Valuation	\$0.46
Price Target (12 month)	\$0.46

**Brief Business Description:**  
Gold producer & developer

**Hartleys Brief Investment Conclusion**  
WA gold producer combining the Kathleen Valley and Vivien satellite projects with the flagship Mt Magnet operations

**Chairman & MD**  
Robert Kennedy (Chairman)  
Mark Zepfner (MD)

**Top Shareholders**  
Board & Management 3.0%

**Company Address**  
Level 1, 130 Royal St  
East Perth, WA, 6004

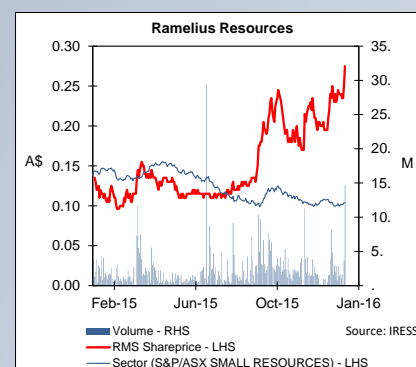
**Issued Capital** 473.7m  
- fully diluted 473.7m

**Market Cap** A\$126.7m  
- fully diluted A\$126.7m

**Cash (31 Dec 15a)** A\$39.9m  
**Debt (31 Dec 15a)** A\$0.0m  
**EV** A\$86.8m  
**EV/Resource Au oz** A\$39/oz  
**EV/Reserve Au oz** A\$205/oz

Prelim. (A\$m)	FY15a	FY16e	FY17e
Prod (koz Au)	86.7	109.7	131.9
Op Cash Flw	45.8	39.9	72.0
Norm NPAT	17.8	22.1	43.1
CF/Share (cps)	11.1	8.6	15.5
EPS (cps)	3.9	4.8	9.3
P/E	6.8	5.6	2.9

	Au
Resources (Moz)	2.2
Reserves (Moz)	0.42



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## SUMMARY MODEL

Ramelius Resources		Share Price					29 January 2016				
RMS		\$0.268					Buy				
<b>Key Market Information</b>											
Share Price		\$0.268									
Market Capitalisation - ordinary		A\$127m									
Net Debt (cash)		-\$40m									
Market Capitalisation - fully diluted		A\$127m									
EV		A\$86m									
Issued Capital		473.7m									
Options		0.0									
Issued Capital (fully diluted inc. all options)		473.7m									
Issued Capital (fully diluted inc. all options and new capital)		476.7m									
Valuation		\$0.46									
12month price target		\$0.46									
<b>P&amp;L</b>											
	Unit	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19					
Net Revenue	A\$m	131.9	179.0	224.3	205.5	183.3					
Total Costs	A\$m	-85.8	-119.5	-132.8	-127.1	-125.8					
EBITDA	A\$m	46.1	59.5	91.4	78.4	57.6					
- margin		35%	33%	41%	38%	31%					
Depreciation/Amort	A\$m	-24.7	-26.7	-27.4	-26.5	-28.6					
EBIT	A\$m	21.4	32.8	64.0	51.8	29.0					
Net Interest	A\$m	-0.9	-1.3	-2.4	-4.0	-5.4					
Pre-Tax Profit	A\$m	20.5	31.5	61.6	47.8	23.6					
Tax Expense	A\$m	-4.5	-9.5	-18.5	-14.4	-7.1					
Normalised NPAT	A\$m	17.8	22.1	43.1	33.5	16.5					
Abnormal Items	A\$m	-1.7	0.0	0.0	0.0	0.0					
Reported Profit	A\$m	16.1	22.1	43.1	33.5	16.5					
Minority	A\$m	0	0	0	0	0					
Profit Attrib	A\$m	16.1	22.1	43.1	33.5	16.5					
<b>Balance Sheet</b>											
	Unit	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19					
Cash	A\$m	32.4	49.3	107.3	154.3	199.2					
Other Current Assets	A\$m	14.1	16.3	16.0	17.6	17.7					
Total Current Assets	A\$m	46.5	65.6	123.3	171.9	216.9					
Property, Plant & Equip.	A\$m	25.9	16.2	-1.3	-18.8	-47.4					
Exploration	A\$m	7.7	13.7	17.7	19.7	19.7					
Investments/other	A\$m	77.0	77.0	77.0	77.0	77.0					
Total Non-Curr. Assets	A\$m	110.6	106.9	93.4	77.9	49.3					
Total Assets	A\$m	157.2	172.5	216.8	249.8	266.2					
Short Term Borrowings	A\$m	1.1	1.1	1.1	1.1	1.1					
Other	A\$m	19.6	12.8	14.0	13.5	13.4					
Total Curr. Liabilities	A\$m	20.7	13.9	15.1	14.6	14.5					
Long Term Borrowings	A\$m	-	-	-	-	-					
Other	A\$m	37.2	37.2	37.2	37.2	37.2					
Total Non-Curr. Liab.	A\$m	37.2	37.2	37.2	37.2	37.2					
Total Liabilities	A\$m	57.8	51.1	52.3	51.8	51.7					
Net Assets	A\$m	99.3	121.4	164.5	198.0	214.5					
Net Debt	A\$m	-31.4	-48.2	-106.3	-153.2	-198.1					
<b>Cashflow</b>											
	Unit	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19					
Operating Cashflow	A\$m	46.1	50.6	92.9	76.3	57.4					
Income Tax Paid	A\$m	0.0	-9.5	-18.5	-14.4	-7.1					
Interest & Other	A\$m	-0.3	-1.3	-2.4	-4.0	-5.4					
Operating Activities	A\$m	45.8	39.9	72.0	57.9	44.9					
Property, Plant & Equip.	A\$m	0.0	-17.0	-10.0	-9.0	0.0					
Exploration and Devel.	A\$m	-20.2	-6.0	-4.0	-2.0	0.0					
Other	A\$m	-9.6	0.0	0.0	0.0	0.0					
Investment Activities	A\$m	-29.9	-23.0	-14.0	-11.0	0.0					
Borrowings	A\$m	-1.3	0.0	0.0	0.0	0.0					
Equity or "fbc capital"	A\$m	5.4	0.0	0.0	0.0	0.0					
Dividends Paid	A\$m	0.0	0.0	0.0	0.0	0.0					
Financing Activities	A\$m	4.1	0.0	0.0	0.0	0.0					
Net Cashflow	A\$m	20.0	16.9	58.0	46.9	44.9					
<b>Shares</b>											
	Unit	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19					
Ordinary Shares - End	m	462.0	463.5	465.0	465.0	465.0					
Ordinary Shares - Weighted	m	410.8	462.8	464.3	465.0	465.0					
Diluted Shares - Weighted	m	413.8	465.0	465.0	465.0	465.0					
<b>Ratio Analysis</b>											
	Unit	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19					
Cashflow Per Share	A\$ cps	11.1	8.6	15.5	12.5	9.7					
Cashflow Multiple	x	2.4	3.1	1.7	2.1	2.8					
Earnings Per Share	A\$ cps	3.9	4.8	9.3	7.2	3.6					
Price to Earnings Ratio	x	6.8	5.6	2.9	3.7	7.5					
Dividends Per Share	AUD	-	-	-	-	-					
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%					
Net Debt / Net Debt + Equity	%	-46%	-66%	-183%	-342%	-1211%					
Interest Cover	X	24.9	25.5	20.5	13.0	5.4					
Return on Equity	%	18%	18%	26%	17%	8%					
<b>Directors</b>											
Robert Kennedy (Chairman)											
Mark Zepfner (MD)											
Michael Bohm (Non-Exec Director)											
Kevin Lines (Non-Exec Director)											
<b>Company Information</b>											
Level 1, 130 Royal St											
East Perth, WA, 6004											
+61 8 9202 1138											
+61 8 9202 1128											
www.rameliusresources.com.au											
<b>Top Shareholders</b>											
Board & Management											
14.2 3.0%											
<b>Reserves &amp; Resources</b>											
	Mt	g/t Au	Koz								
TOTAL RESOURCE	28.1	2.5	2,227								
Measured	2.9	2.0	185								
Indicated	14.3	2.8	1,277								
Inferred	11.0	2.2	765								
Reserve	4.85	2.7	424								
<b>Production Summary</b>											
	Unit	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19					
Mill Throughput	Mt	1.6	1.8	1.7	1.7	1.7					
Mined grade	g/t	1.71	2.05	2.72	2.49	2.25					
Combined Recovery & Payability	%	92%	95%	91%	92%	92%					
Gold	(koz)	86.7	109.7	131.9	121.1	109.3					
Gold Equiv	(koz)	86.7	109.7	131.9	121.1	109.3					
M&I Resource Conversion (non-reserve)	%	8.3%	8.3%	8.0%	8.3%	1.9%					
Mine Life	yr	4.25	3.25	2.25	1.25	0.25					
<b>Costs</b>											
	Unit	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19					
Cost per milled tonne	\$/t	61.0	60.7	50.5	51.3	51.3					
EBITDA / tonne milled ore	\$/t	28.7	39.0	70.3	52.2	38.4					
Total cash costs	\$/oz	99.0	1,089	1,007	1,050	1,151					
C1: Operating Cash Cost = (a)	\$/oz	831	1,007	890	916	1,016					
(a) + Royalty = (b)	\$/oz	862	1,034	960	997	1,090					
C2: (a) + depreciation & amortisation = (c)	\$/oz	1,116	1,250	1,098	1,136	1,277					
(c) + actual cash for development = (d)	\$/oz	1,176	1,216	996	1,007	1,016					
C3: (c) + Royalty	\$/oz	1,148	1,278	1,168	1,216	1,352					
(d) + Royalty	\$/oz	1,207	1,244	1,066	1,087	1,090					
All in sustaining costs (AISC)	\$/oz	1,178	1,190	1,183	1,221	1,225					
<b>Price Assumptions</b>											
	Unit	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19					
AUD/USD	A\$/US\$	0.81	0.70	0.69	0.73	0.75					
Gold	US\$/oz	1203	1149	1183	1242	1255					
Gold	A\$/oz	1478	1632	1704	1697	1677					
<b>Hedging</b>											
	Unit	Jun 15	Jun 16	Jun 17	Jun 18	Jun 19					
Hedges maturing?		No	Yes	No	No	No					
<b>Sensitivity Analysis</b>											
	Valuation	FY17 NPAT									
Base Case	0.46	43.1									
Spot Prices	0.40 (-12.8%)	31.9 (-26.0%)									
Spot USD/AUD 0.71, Gold \$1114/oz.											
AUD/USD +/-10%	0.38 / 0.56 (-17.2% / 21.0%)	29.6 / 59.7 (-31.4% / 38.4%)									
Gold +/-10%	0.55 / 0.37 (18.9% / -18.9%)	58.0 / 28.2 (34.6% / -34.6%)									
Production +/-10%	0.55 / 0.37 (19.4% / -19.4%)	58.4 / 27.8 (35.5% / -35.5%)									
Operating Costs +/-10%	0.41 / 0.51 (-10.8% / 10.8%)	35.1 / 51.1 (-18.5% / 18.5%)									
<b>Unpaid Capital</b>											
	Year Expires	No. (m)	\$m	Avg price	% ord						
30-Jun-16		1.5	0.3	0.20	0.3%						
30-Jun-17		1.5	0.4	0.25	0.3%						
30-Jun-18		0.0	0.0	0.00	0.0%						
30-Jun-19		0.0	0.0	0.00	0.0%						
30-Jun-20		0.0	0.0	0.00	0.0%						
TOTAL		3.0	0.7	0.22	0.6%						
<b>Share Price Valuation (NAV)</b>											
	Riskd Est. A\$m	Est. A\$/share									
100% Vivien (pre-tax NAV at disc. rate of 10%)	51	0.11									
100% Mt Magnet (pre-tax NAV at disc. rate of 8%)	98	0.21									
100% Kathleen Valley (pre-tax NAV at disc. rate of 8%)	40	0.08									
Other Exploration	50	0.10									
Corporate Overheads	-20	-0.04									
Net Cash (Debt)	40	0.08									
Tax (NPV future liability)	-39	-0.08									
Options	0	0.00									
Hedges	219	0.00									
Total	219	0.46									
Analyst: Scott Williamson											
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"fbc capital" could be equity or debt. Our valuation is risk-adjusted for how this may be obtained.											
Sources: IRESS, Company											

## VALUATION

Fig. 1: Earnings changes

	Unit	30 Jun 15			30 Jun 16			30 Jun 17			30 Jun 18		
					old	new	% diff	old	new	% diff	old	new	% diff
Au Production	koz	87	110	110	-1%	133	132	-1%	328	121	-63%		
All in sustaining costs (AISC)	A\$/oz	1,178	1,312	1,327	1%	1,190	1,183	-1%	1,133	1,221	8%		
<b>Net Revenue</b>	<b>A\$m</b>	<b>131.9</b>	<b>182.5</b>	<b>179.0</b>	<b>-2%</b>	<b>220.7</b>	<b>224.3</b>	<b>2%</b>	<b>193.7</b>	<b>205.5</b>	<b>6%</b>		
<b>Total Costs</b>	<b>A\$m</b>	<b>-85.8</b>	<b>-114.2</b>	<b>-119.5</b>	<b>5%</b>	<b>-132.7</b>	<b>-132.8</b>	<b>0%</b>	<b>-126.8</b>	<b>-127.1</b>	<b>0%</b>		
EBITDA	A\$m	46.1	68.3	59.5	-13%	88.0	91.4	4%	66.9	78.4	17%		
- margin		0.3	0.4	0.3	-11%	0.4	0.4	2%	0.3	0.4	10%		
Depreciation/Amort	A\$m	-24.7	-26.5	-26.7	1%	-27.7	-27.4	-1%	-27.2	-26.5	-2%		
<b>EBIT</b>	<b>A\$m</b>	<b>21.4</b>	<b>41.8</b>	<b>32.8</b>	<b>-21%</b>	<b>60.3</b>	<b>64.0</b>	<b>6%</b>	<b>39.7</b>	<b>51.8</b>	<b>31%</b>		
Net Interest	A\$m	-0.9	-1.3	-1.3	-2%	-2.4	-2.4	0%	-3.8	-4.0	5%		
<b>Norm. Pre-Tax Profit</b>	<b>A\$m</b>	<b>20.5</b>	<b>40.5</b>	<b>31.5</b>	<b>-22%</b>	<b>57.9</b>	<b>61.6</b>	<b>6%</b>	<b>35.9</b>	<b>47.8</b>	<b>33%</b>		
Norm. Tax Expense	A\$m	-2.8	-12.1	-9.5	-22%	-17.4	-18.5	6%	-10.8	-14.4	33%		
- rate		13.5%	30.0%	30.0%	0%	30.0%	30.0%	0%	30.0%	30.0%	0%		
Reported Tax Expense	A\$m	-4.5	-12.1	-9.5	-17%	-17.4	-18.5	6%	-10.8	-14.4	33%		
<b>Normalised NPAT</b>	<b>A\$m</b>	<b>17.8</b>	<b>28.3</b>	<b>22.1</b>	<b>-22%</b>	<b>40.5</b>	<b>43.1</b>	<b>6%</b>	<b>25.1</b>	<b>33.5</b>	<b>33%</b>		
Abnormal Items	A\$m	-1.7	0.0	0.0	0%	0.0	0.0	0%	0.0	0.0	0%		
Reported Profit	A\$m	16.1	28.3	22.1	-22%	40.5	43.1	6%	25.1	33.5	33%		
Minority	A\$m	0.0	0.0	0.0	0%	0.0	0.0	0%	0.0	0.0	0%		
<b>Profit Attrib</b>	<b>A\$m</b>	<b>16.1</b>	<b>28.3</b>	<b>22.1</b>	<b>-22%</b>	<b>40.5</b>	<b>43.1</b>	<b>6%</b>	<b>25.1</b>	<b>33.5</b>	<b>33%</b>		
capex + exploration	A\$m	20.2	27.0	23.0	-15%	16.0	14.0	-13%	12.0	11.0	-8%		
Net Debt	A\$m	-31.4	-50.1	-48.2	-4%	-104.0	-106.3	2%	-142.5	-153.2	8%		
Dividends Per Share	cps	-	-	-	-	-	-	-	-	-	-		

Source: Hartleys Estimates

We model the Mt Magnet operations combined with the Vivien & Kathleen Valley satellite projects

Our sum of parts valuation for RMS is based on the Mt Magnet operations combined with the Vivien and Kathleen Valley satellite projects. We assume a pre-production capex requirement of ~A\$20m in FY16 to build the two satellite projects (Vivien & Kathleen Valley).

We assume a nominal A\$50m value for exploration upside

We model the Kathleen Valley and Vivien satellite projects in line with Company guidance and feasibility studies. At Kathleen Valley we model a ~1.5 year minelife producing ~40kozpa @ AISC of <A\$1,000/oz from FY16 onwards. At Vivien we model a 3 year minelife producing ~50kozpa @ AISC of <A\$1,000/oz from FY17 onwards. The Mt Magnet operations combined with the two satellite projects has a production profile of ~120kozpa @ AISC of ~A\$1,200/oz for ~4 years.

We believe RMS is well positioned for brownfield exploration success at Mt Magnet and we value the exploration upside potential with a nominal A\$50m. We see upside potential within and around the Kathleen Valley and Vivien projects and throughout the highly prospective Mt Magnet tenement package.

Fig. 2: Hartleys Sum of Parts Valuation for RMS

	A\$m	A\$/share
100% Vivien (pre-tax NAV @ 10%)	51.0	0.11
100% Mt Magnet (pre-tax NAV @ 8%)	97.8	0.21
100% Kathleen Valley (pre-tax NAV @ 8%)	39.7	0.08
Other Exploration	50.0	0.10
Corporate Overheads	-20.0	-0.04
Net Cash (Debt)	39.9	0.08
Tax (NPV future liability)	-39.5	-0.08
Options	0.5	0.00
Hedges	0.0	0.00
<b>Total</b>	<b>219.5</b>	<b>0.46</b>

Source: Hartleys Estimates

Hartleys sum of parts valuation for RMS is A\$0.46/share

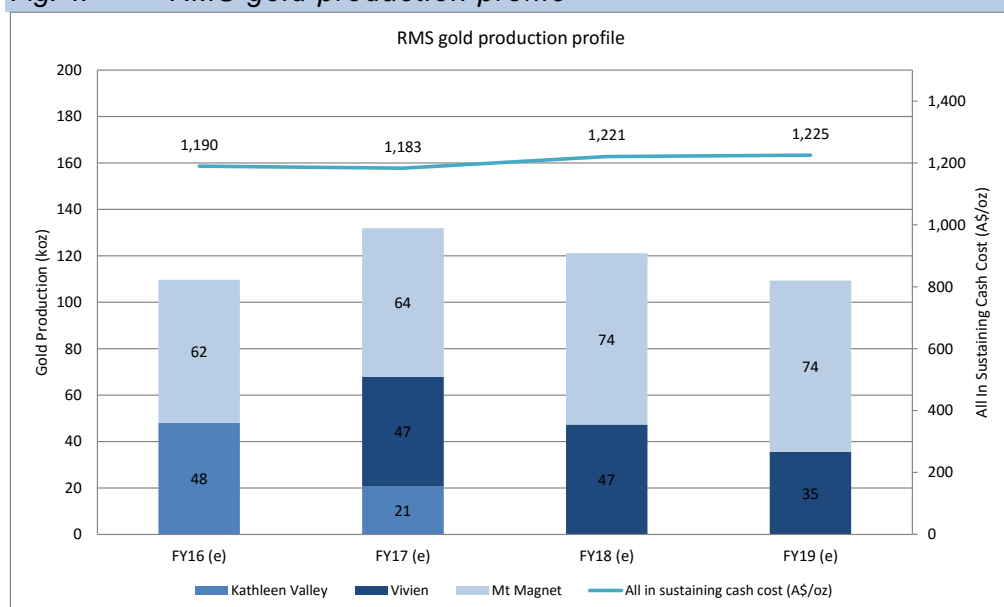
Fig. 3: RMS model assumptions

	Mt Magnet	Kathleen Valley	Vivien
<b>Capex - Total (\$m)</b>	na	2	16
Life of mine Strip Ratio (x)	8.0x	8.0x	na
Life of mine average head grade	1.5g/t	7.7g/t	7.3g/t
<b>LOM avg mill feed (mt pa)</b>	<b>1.6mt pa</b>	<b>0.2mt pa</b>	<b>0.2mt pa</b>
LOM Gold recovered grade g/t	1.3g/t	7.1g/t	6.7g/t
LOM Au combined recovery & payability	90%	92%	92%
Total Gold Sold	273koz	69koz	130koz
Total Gold Sold pa	68k oz pa	46k oz pa	43k oz pa
Current Assumed Mine Life (yrs)	4yrs	1.5yrs	3yrs
Commencement Date (qtr)	na	na	Sep-16
LOM avg selling price (AUD/gold oz)	A\$ 1678 /oz	A\$ 1648 /oz	A\$ 1692 /oz
<b>LOM avg C1 cash costs (AUD/gold oz)</b>	<b>A\$ 1106 /oz</b>	<b>A\$ 741 /oz</b>	<b>A\$ 798 /oz</b>
<b>LOM avg all in site costs (AUD/gold oz)</b>	<b>A\$ 1164 /oz</b>	<b>A\$ 773 /oz</b>	<b>A\$ 911 /oz</b>
Life of mine annual net cash flow (A\$m pa)	A\$ 16m pa	A\$ 22m pa	A\$ 18m pa
<b>Spot pre-tax NPV (AUDm)</b>	<b>A\$ 97.8m</b>	<b>A\$ 39.7m</b>	<b>A\$ 51.0m</b>

We model 4 years minelife at Mt Magnet, 3 years at Vivien and 1.5 years at Kathleen Valley

Source: Hartleys Estimates

Fig. 4: RMS gold production profile



We model a production profile of ~120kozpa @ AISC of ~A\$1,200/oz for ~4 years

Source: Hartleys Estimates

## PRICE TARGET

Our price target is based on our sum of parts valuation for the Mt Magnet operations combine with the Vivien & Kathleen Valley satellite projects and producing ~120kozpa at ~A\$1,200/oz for ~4 years. Our price target has weighting for our valuation at spot and consensus pricing.

Hartleys 12 month price target is \$0.46/share

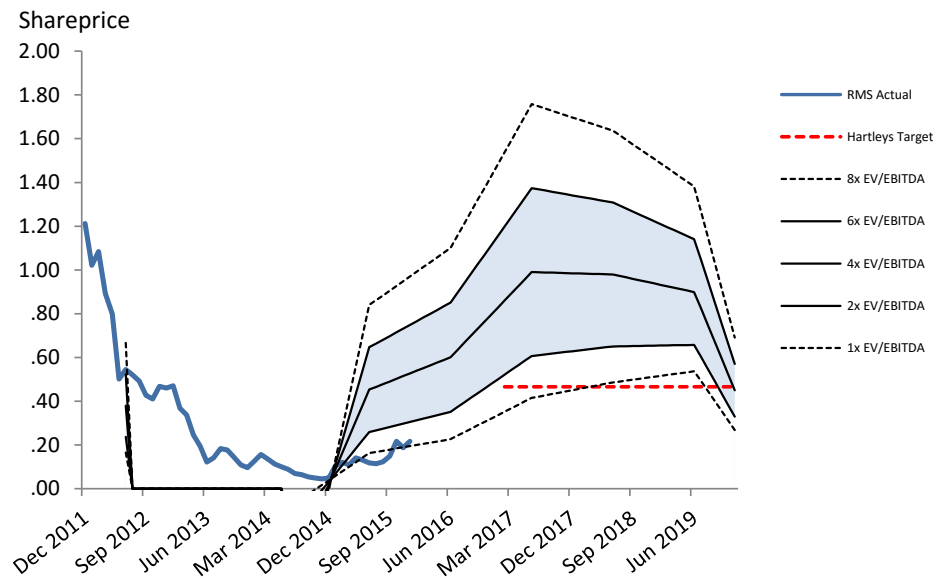
Fig. 5: RMS Price Target Methodology

Price Target Methodology	Weighting	Spot	12 mth out
NPV base case	60%	\$0.46	\$0.49
NPV base case at spot commodity and fx prices	40%	\$0.40	\$0.42
<b>Risk weighted composite</b>		<b>\$0.44</b>	
<b>12 Months Price Target</b>		<b>\$0.46</b>	
Shareprice - Last		\$0.268	
<b>12 mth total return (% to 12mth target + dividend)</b>		<b>73%</b>	

Source: Hartleys Estimates

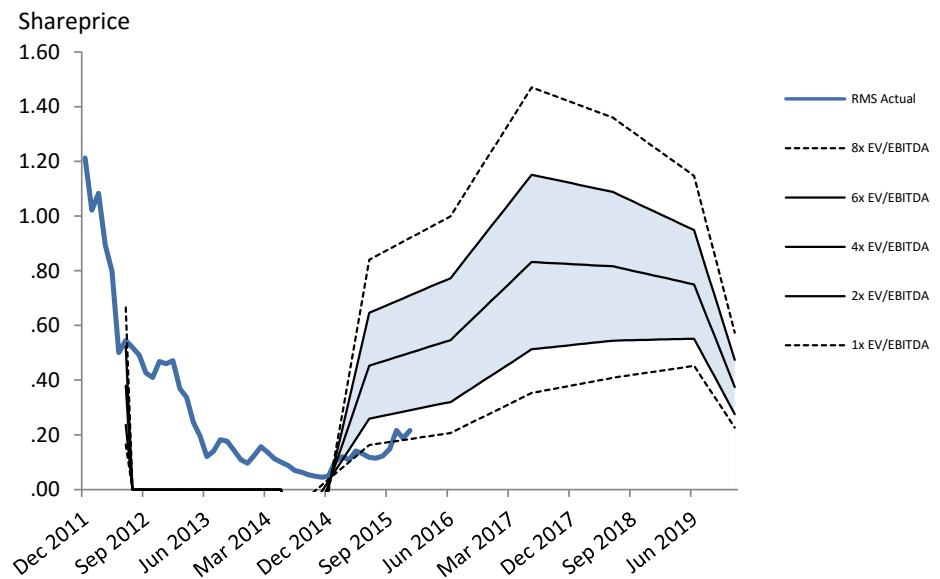
## EV/EBITDA BANDS

**Fig. 6: Using Hartleys base case commodity forecasts**



Source: Hartleys Estimates, IRESS

**Fig. 7: Using spot commodity prices**



Source: Hartleys Estimates, IRESS

## RISKS

**Fig. 8: Key assumptions and risks for valuation**

Assumption	Risk of not realising assumption	Risk to valuation if assumption is incorrect	Comment
Mt Magnet operations	Moderate	Meaningful	RMS is leveraged to the success of the Mt Magnet operations. We model a 4 year minelife combined with Vivien and Kathleen Valley. If Mt Magnet was to cease operations earlier than 4 years our valuation would be at risk to the downside
Model parameters	Moderate	Meaningful	We have made a number of large assumptions in our valuation of RMS, changes in these assumptions can change our valuation to both the upside and downside
Exploration upside potential	Moderate	Meaningful	We assume some exploration upside at Vivien, Kathleen Valley and throughout the Mt Magnet operations. Some downside risk to our valuation exists if RMS has no further exploration success
Vivien Development Risk	Moderate	High	The Vivien project is still in development, if the development is delayed or encounters major issues our valuation will be at risk
<i>Conclusion</i>	<i>We have made some assumptions with regards to resource conversion and exploration potential but believe these are achievable.</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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