



19th August 2019

Ramelius Resources Ltd (RMS)

Accumulate

FY19 Production Guidance Achieved and Looking Strong in FY20

\$1.31

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Summary (AUD)

Ordinary Shares	657.9m
Unlisted Options	1.5m
Unlisted Performance Rights	10.1m
Market Capitalisation (m, undil.)	\$838.8
Net cash/gold (m) – 30/6	\$106.8
Share Price (16/8/2019)	\$1.275
52 week high/low	\$1.385/\$0.38

Share Price Graph



Directors

Mark Zeptner	Managing Director
Kevin Lines	Non-Exec Chairman
Michael Bohm	Non-Exec Director
David Southam	Non-Exec Director
Tim Manners	CFO
Duncan Coutts	COO

Major Shareholders

Ruffer LLP	7.97%
Mitsubishi UFG Financial Group	6.69%

Investment Highlights

- FY19 production of 196,679oz at an AISC of A\$1,192/oz (FY2018: 208,118oz at an AISC of A\$1,191/oz)
 - Mt Magnet: 114,840oz @ an AISC of A\$1,149/oz
 - Edna May: 81,839oz at an AISC of A\$1,251/oz
- Cash & gold (as at 30th June 2019) of A\$106.8m
- FY20 production guidance of 205-225koz at an AISC of A\$1,225 – 1,325/oz
- Selection of preferred strategic option at Tampia Hill – haulage to Edna May
- Publication of +1Moz life-of-mine plan across five years (FY2020 to FY2024)
- Capital costs of approximately A\$65m plus A\$20m of exploration expenditure
- Strong hedge book: 240,900oz at an average price of A\$1,834/oz from July 2019 to August 2021 (as at 30th June 2019)
- Capital & project development expenditure of approximately A\$35.5m including:
 - Shannon & Hill 60 underground development (Mt Magnet) = A\$7.2m
 - Eridanus & Stellar open pit development (Mt Magnet) = A\$9.6m
 - Edna May underground development = A\$4.5m
 - Marda open pit project start-up = A\$7.1m
 - Exploration (all Projects) = A\$7.1m

Valuation

Ramelius Resources released a group production profile for FY20-FY23 as part of their long-term company strategy plan (completed in mid-June 2019).

AISC, Capex and Production	FY2020	FY2021	FY2022	FY2023	TOTAL/AVG
AISC (\$A/oz)	1,225-1,325	1,190-1,290	1,220-1,320	1,200-1,300	1,220-1,320
Capital Cost (A\$M)	80-90	65-75	25-35	30-40	230-280
Production (oz)	214,500	235,500	248,000	234,500	1,084,500

Figure 1 – FY20-FY23 Production Profile (source: RMS Investor Presentation released 17th June 2019)

The following figures/valuation metrics have been derived by what has been released to market so far (we have also accounted for further exploration success for continuity at both the Mt Magnet and Edna May Operations).

Price Target (Fully Diluted) \$1.31/share				
Spot Gold Price (A\$/oz)	2,100			
PRODUCTION DETAILS				
Mt Magnet + Edna May Mining		FY19A	FY20	FY21
Ore (kt)		2,912	3,100	3,300
Production Details:				
Milled (kt)		4,804	4,800	4,800
Gold Grade (Head) (g/t)		1.33	1.47	1.61
Gold recovery (%)		94.8	94.8	94.8
Produced:				
Gold (ozs)		196,679	214,500	235,500
Valuation:				
Capital Costs (A\$m)		97.6	85	70
All-In Sustaining Costs (AISC) (A\$m)		242.1	273.5	292.0
	(A\$/oz)	1,192	1,275	1,240
Net Cash Flow (A\$m)		11.3	63.4	101.2
Net Cash Position (A\$m)		106.8	170.2	271.4

- Discounted (10%) NPV (assuming further Reserve ounces added to 5yr mine plan and using current hedge + spot gold pricing) equates to ~\$1.31/share

ASX Comparables – Gold Producers

Company	RMS	SLR	RSG ¹	SBM ²	RRL	SAR	NST	EVN
FY20 Production (Guidance)	205-225koz	215-230koz	490koz	310-335koz	340-370koz	350-370koz	800-900koz	725-775koz
AISC (A\$/oz)	1,225-1,325	1,375-1,450	~A\$1,350	~A\$1,300	1,125-1,195	1,025-1,075	1,200-1,300	890-940
Net Cash/Gold (A\$m)	106.8	131.1	-299	111	205.3	154.5	361	35.2
Market Cap (\$m)	838.8	949.4	1,594.6	2,615.7	2,860.7	3,214.2	7,790.2	8,858.7

¹ Production guidance based on annualised basis after the takeover of Toro Gold (net cash also takes into account transaction). AISC converted to \$A using an exchange rate of 0.68USD

² FY20 Guidance for the Atlantic Gold assets have yet to be announced (expected in the September Quarterly). Cash accounts for acquisition cost finalised after the previous Quarter

Mt Magnet

Open Pits

The Milky Way, Shannon, and Vegas open pits were the primary ore sources at Mt Magnet during the June 2019 Quarter. Open pit claimed high-grade ore mined was 391,961t @ 1.45g/t for 18,273oz. Mining commenced at the new Eridanus open pit and the Shannon open pit was completed during the Quarter. Reconciled mined ore for the pit totalled 168,492t @ 2.41g/t for 13,061oz, comparing well with the pre-mining Ore Reserve of 143,635t @ 2.68g/t for 12,370oz.

Underground – Mt Magnet

An additional lode zone was identified at Water Tank Hill. It was developed during the Quarter and stoping commenced toward the end of the Quarter. The Hill 60 underground continued to progress with a second ore drive level accessed and 716m of development completed during the Quarter. The Shannon underground commenced with completion of the portal position and initial decline development.

Underground – Vivien

Production at the Vivien underground gold mine continued strongly throughout the Quarter with the mined tonnes increasing 18% on the prior Quarter. Scheduled development was completed for the current reserve during the Quarter and activity can now be focused on stope production and the evaluation of lode potential below the current mine plan. Total claimed mined production was 62,806t @ 5.40g/t for 10,907oz. Ore haulage continued throughout the Quarter and Vivien attributed mill production was 73,290t @ 5.23g/t for 11,757oz.

Underground diamond drilling continued throughout the Quarter testing the next 250 vertical metres below the current mine. A number of strong results have been seen from this drilling including:

- 4m @ 33.2g/t from 56m
- 2.7m @ 22.4g/t from 64.6m
- 6.8m @ 17.1g/t from 213.7m
- 4.1m @ 8.68g/t from 254.2m

The strike of extent of higher grade lode appears less than in previously mined levels. Resource modelling and evaluation is currently underway.

Processing

Total mill production (Mt Magnet and Vivien) was 515,031t @ 1.97g/t for 31,062oz (recovery of 95.4%). AISC for the Quarter for Mt Magnet and Vivien was A\$1,078/oz. Guidance for the September 2019 Quarter is expected to be approximately 31koz, anticipated to be produced at an AISC of A\$1,350 – 1,450/oz.

Edna May Gold Mine**Mining**

Claimed underground production was 25,050t @ 3.72g/t for 2,995oz. Ore drives were extended further than modelled extents to test generally lower grade zones toward lode terminations.

Processing

Total material milled during the Quarter was 764,389t @ 0.71g/t for 16,218oz at a recovery of 92.6% (gold poured was 16,672oz). The majority (96%) of the material milled in the Quarter was sourced from low grade stockpiles. Unit costs were lower than the prior Quarter with an AISC of A\$1,171/oz being achieved for the June 2019 Quarter. Production Guidance for the September 2019 Quarter is for approximately 14,000oz at an AISC of A\$1,450 – 1,550/oz.

Project Development**Marda**

Total Mineral Resources are 4.8Mt at 2.0g/t for 300koz and total Ore Reserves are 1.1Mt at 2.4g/t for 89koz. Project permitting approvals, mining and haulage contractor tenders and stakeholder engagement are in progress with a view to commencing operations during the September 2019 Quarter.

Tampia Hill

Total Mineral Resources are 8.2Mt at 1.7g/t for 460koz and total Ore Reserves are 2.2Mt at 2.8g/t for 200koz. A strategic review of mining, processing and ore haulage options was conducted and concluded that ore haulage and processing at the Edna May mill was the preferred option based on economic returns. The deposit is not large enough to support construction of a new, stand alone milling facility. Ramelius will continue to advance the project with work still required on hydrology, environmental, permitting and engagement of stakeholders.

FY20 Production Guidance

Guidance for FY20 is for gold production of 205 - 225,000koz at an AISC of A\$1,225 - 1,325/oz. The year progressively improves as the grade profile continues to track up with further high grade material to be processed (as well as getting into the better sections of the Eridanus Pit).

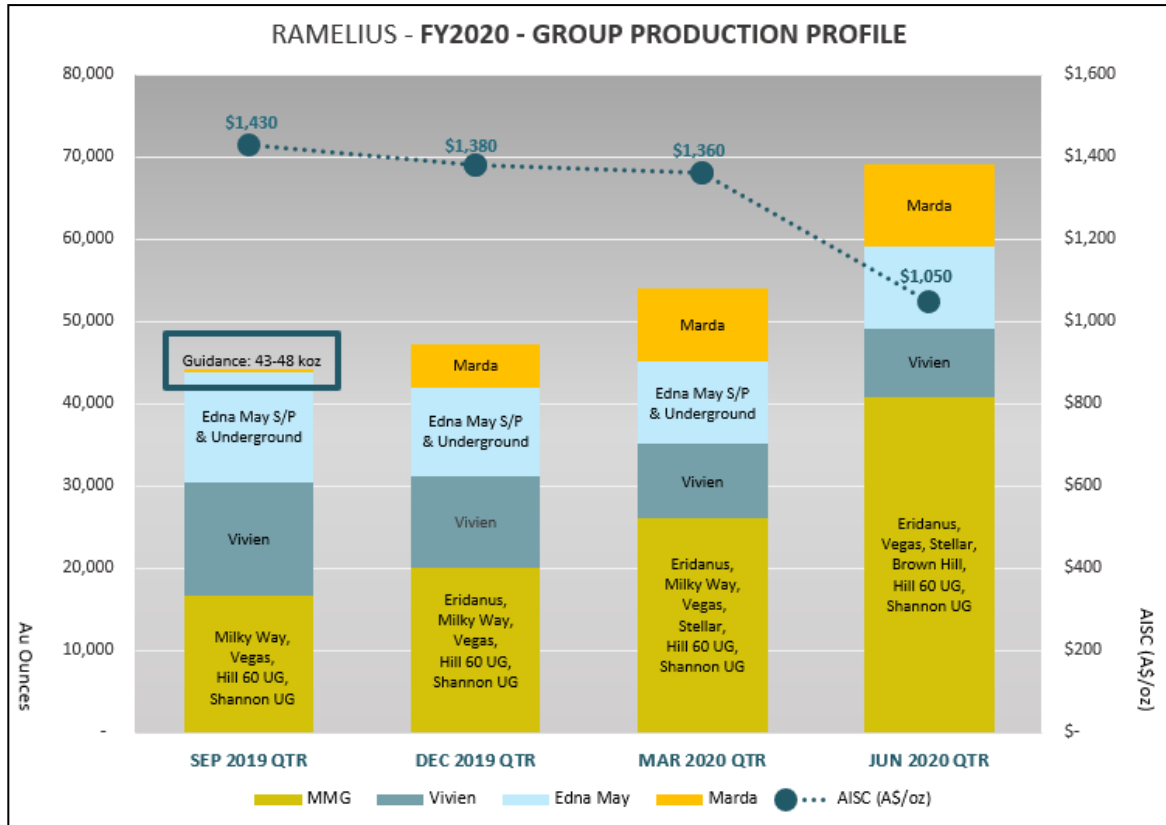


Figure 2 – Quarterly Group Production Profile in FY20 (source: RMS June Quarterly released 30th July 2019)

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