



10th February, 2020

Ramelius Makes Recommended Takeover Offer for Spectrum Metals

Highlights

- Ramelius to acquire Spectrum Metals, owner of the high-grade Penny West Gold Project
- Penny West is one of the highest-grade undeveloped gold assets in Australia with a gold resource currently of 799 kt @ 13.8 g/t for 355,500 oz¹
- Cash and scrip offer of \$0.15² per Spectrum share, a 52%³ premium to Spectrum's last closing price
- Shareholders of both companies to benefit from significant synergies between Penny West and Ramelius' Mt Magnet operation
- Ramelius has financial capacity and operational expertise to continue to explore and to develop the Penny West Gold Project
- Spectrum Directors unanimously recommend that Spectrum shareholders accept the Offer
- Spectrum Directors intend to accept the Offer for all their shares

Overview

Ramelius Resources Limited (ASX:RMS) (**Ramelius**) and Spectrum Metals Limited (ASX:SPX) (**Spectrum**) are pleased to announce that they have entered into a Bid Implementation Agreement (**BIA**), pursuant to which Ramelius will offer to acquire all of the issued and outstanding ordinary shares in Spectrum that it does not already own under the terms of an off-market takeover offer (the **Offer**).

Under the terms of the Offer, Spectrum Shareholders will receive one (1) Ramelius share for every ten (10) Spectrum shares held and cash consideration of A\$0.017 per Spectrum share held (**Offer Consideration**), valuing Spectrum shares at A\$0.15 each, based on the Volume Weighted Average Price (**VWAP**) of Ramelius shares traded on 7 February 2020, which represents a premium of³:

- 52% to Spectrum's last closing price of A\$0.0990 on 7 February 2020;
- 61% to Spectrum's 10-Day VWAP of A\$0.0931, up to and including 7 February 2020; and
- 70% to Spectrum's 30-Day VWAP of A\$0.0882, up to and including 7 February 2020.

Ramelius has a relevant interest of 4.9% of the issued and outstanding ordinary shares in Spectrum as at the date of this announcement.

The cash component of the acquisition will be funded from Ramelius' existing working capital position or the recently established \$35 million Syndicated Finance Agreement.

Spectrum Board Recommendations

The Spectrum Board of Directors unanimously recommend that Spectrum shareholders accept the Offer and have agreed to accept the Offer in respect of all Spectrum shares they own or control, in both instances in the absence of a superior proposal.

¹Refer Spectrum ASX Announcement dated 24 October 2019

²Based on the 1-Day VWAP of Ramelius shares traded on 7 February 2020 of A\$1.33 per share

³Share price data sourced from IRESS 7 February 2020

Penny West Gold Project

Spectrum's key asset is the 100% owned Penny West Gold Project (**Penny West**), one of the highest-grade undeveloped gold assets in Western Australia. Penny West is located approximately 150km south-east of Ramelius' Mt Magnet mining and processing operations and approximately 550km north-east of Perth in Western Australia.

On the back of exceptional exploration success by Spectrum, the Company announced a maiden Mineral Resource estimate for the Penny West Gold Project in October 2019. The total resource at Penny West is currently 799 kt @ 13.8 g/t Au for 355,500 oz¹, including 569 kt @ 16.8 g/t Au for 306,800 oz¹ at Penny North.

Penny West offers significant exploration potential at depth and along strike.

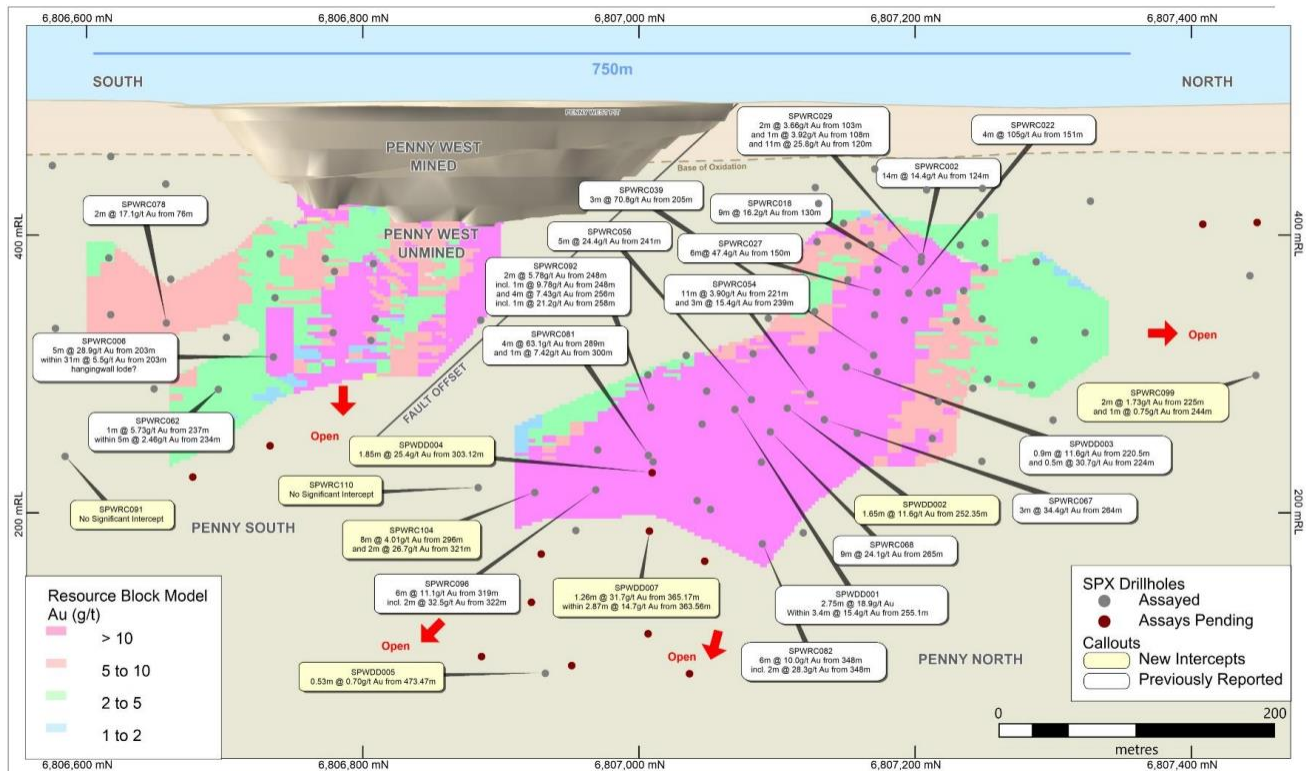


Figure 1: Long section of resource model with resource block grade and drilled diamond holes (awaiting results).

Mineral Resource Table – Penny West Gold Deposit Oct 2019 (>2.0g/t)¹

Lode	Indicated			Inferred			Total		
	T	g/t	Oz	t	g/t	Oz	t	g/t	oz
Penny North	414,000	18.6	247,000	155,000	12.0	59,800	569,000	16.8	306,800
Penny West	54,000	12.1	21,100	93,000	5.1	15,400	147,000	7.7	36,400
Minor Zones				82,000	4.6	12,300	82,000	4.6	12,300
Total	468,000	17.8	268,000	331,000	8.2	87,500	799,000	13.8	355,500

Compelling Strategic Rationale

The acquisition of Spectrum is in line with Ramelius' philosophy of acquiring high quality assets within a radius of existing production hubs that facilitate mining and ore haulage without incurring significant on-site capital expenditure.

The acquisition of Spectrum will allow Ramelius to add high grade JORC Resources of 355,500¹ oz to its current asset base and provide a near-term development opportunity to introduce an additional ore source to its processing facility at Mt Magnet.

The proximity of the Mt Magnet processing facility to Spectrum’s Penny West Gold Project provides potential to realise capital cost savings and operational synergies in developing the Penny West Gold Project while maintaining exposure to ongoing exploration potential. In particular, the Penny West Gold Project also provides Ramelius with potential for increased flexibility around the timing and scheduling of other mining operations at Mt Magnet.

Following successful completion of the Offer, the Ramelius Board intends to quickly undertake a comprehensive review to determine the optimal pathway to first cash flow from the Penny West Gold Project, whilst continuing with aggressive exploration programmes at Penny West.

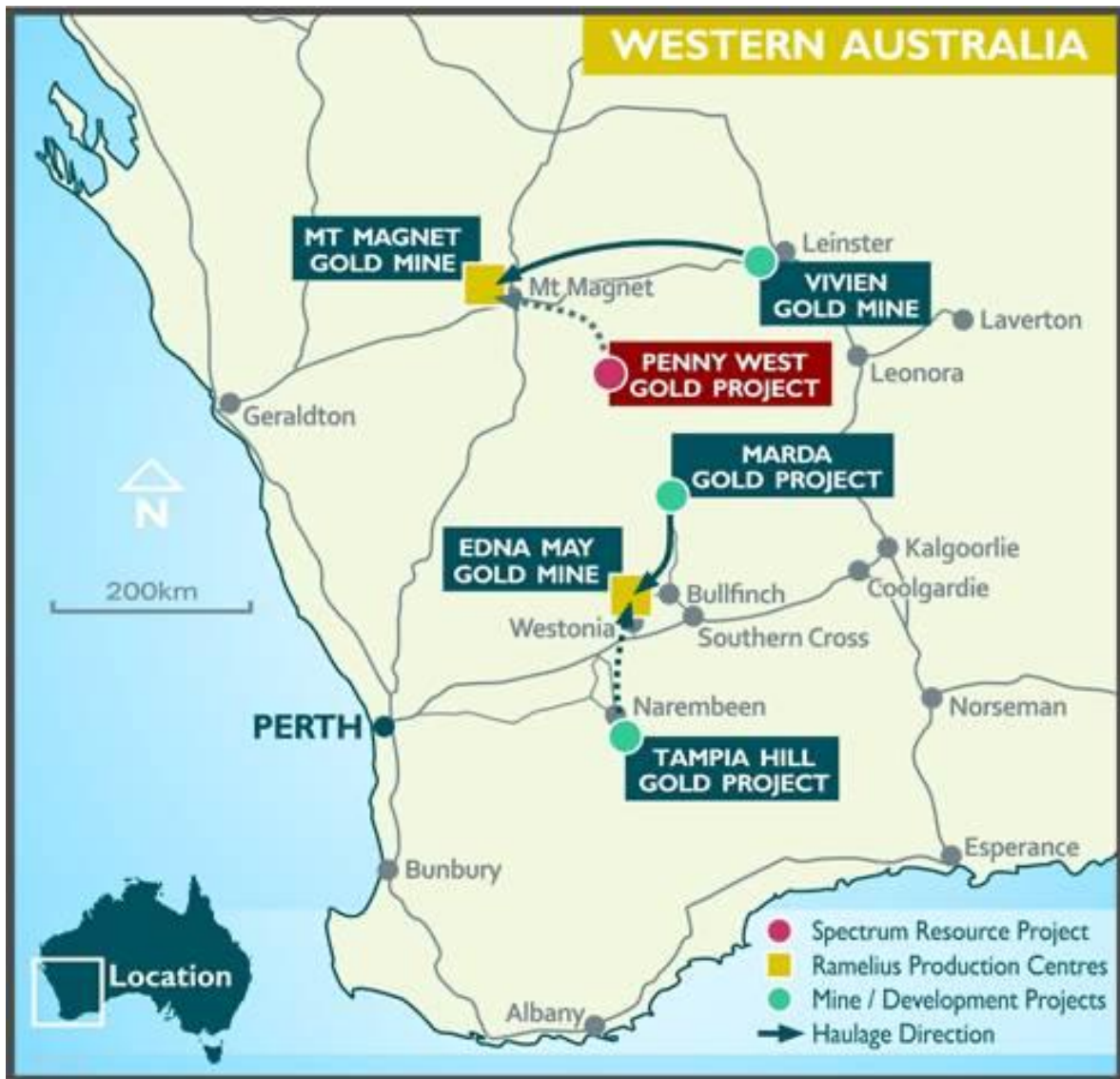


Figure 2: Location of Ramelius’ Operations and the Penny West Gold Project

Key Benefits for Spectrum Shareholders

- The Offer represents an attractive and significant premium to recent trading levels of Spectrum shares.
- Spectrum Shareholders will become shareholders in a profitable, financially secure Australian gold producer with a stable diversified platform of established Western Australian gold mines managed by a proven high-quality team:
 - In FY19 Ramelius produced 196,679 ounces of gold at an All in Sustaining Cost (AISC) of A\$1,192/oz and recorded a Net Profit after Tax for the Financial Year of \$21.8 million;

- As at 31 December 2019, Ramelius held A\$87.7 million in cash and gold bullion with no debt; and
- FY2020 is forecast to be another very strong year with gold production of 205,000-225,000 ounces at an AISC of A\$1,225-A\$1,325/oz (please see RMS ASX announcement dated 30 July 2019).
- The Offer significantly reduces the development risk associated with the Penny West project as it removes financing uncertainty and potential shareholder dilution.
- **Shareholders of Spectrum will not only remain exposed to all of the upside from exploration and development of Penny West but will benefit from having access to cash flow generating assets at Edna May, Mt Magnet and Vivien, while gaining exposure to the Marda and Tampia Hill projects through being a shareholder of the enlarged combined group.**

Ramelius Managing Director, Mark Zeptner, said of the Offer: *“There is clear logic in the combination of Spectrum’s assets with Ramelius’ WA operations. After the successful acquisition of the Marda and Tampia Hill gold projects in 2019, Ramelius is focussed on building on its growth strategy to extend mine life and maximise the value of existing infrastructure in its portfolio. This compelling offer is the next step in that growth strategy and is expected to provide significant benefits to both Spectrum and Ramelius Shareholders.”*

Spectrum Chairman, Alex Hewlett, commented: *“The last year has been one of exceptional growth for Spectrum which we are particularly proud of. The Penny West gold system is developing into one of significant value, I am firmly of the view that this transaction with Ramelius will unlock the full value of Penny West for the benefit of all of our shareholders. The combination of Penny West with the existing assets of Ramelius will build a gold business capable of delivering exceptional future returns for our shareholders.”*

Bid Implementation Agreement

Under a Bid Implementation Agreement dated 9 February 2020 (**BIA**), Ramelius and Spectrum have given undertakings to each other to facilitate the Offer. The Offer is subject to a limited number of conditions as set out in the BIA including:

- 50.1% minimum acceptance by Spectrum Shareholders;
- the spot gold price as quoted by Bloomberg does not fall below A\$2,000 per ounce at any time during a day for three consecutive days between Announcement Date and the end of the Offer Period (each exclusive) with this condition to be removed in the event that the offer is extended;
- receipt of any regulatory approvals required;
- no order, investigation or application is made which restrains, prohibits or impedes the Offer;
- Spectrum’s tenements are maintained in their current form;
- no ‘prescribed occurrences’ occurring in relation to Spectrum;
- no material disposals, cancellation or new commitments by Spectrum;
- no material adverse change occurring; and
- standard restrictions on the conduct of Spectrum’s business.

The BIA contains customary deal protection mechanisms including “no shop, no talk” and “no due diligence” restrictions, as well as notification and matching rights in the event of a competing proposal. A market-standard break fee may also be payable by Spectrum to Ramelius in certain circumstances set out in the BIA.

A copy of the BIA will be separately released to ASX shortly. The Offer will extend to all Spectrum shares including those issued as a result of the exercise of options or vested performance rights during the Offer period. Separate offers are being made for certain options, on equivalent terms to the Offer.

Ramelius has agreed to make an unsecured interest free loan to Spectrum in the amount of \$3 million for use as working capital.

Timetable and Next Steps

Further details about the Offer will be contained in Ramelius' Bidder's Statement and Spectrum's Target's Statement, which are expected to be despatched to Spectrum Shareholders by 28 February 2020. The Bidder's Statement and Target's Statement will set out important information, including how to accept the Offer, information about Ramelius and the key reasons as to why Spectrum Shareholders should accept the Offer.

A toll-free information line has been established for the purposes of the Offer. Shareholders can contact the Offer Information Line on 1300 352 261 (within Australia) or +61 3 9415 4301 (from outside of Australia), Monday to Friday between 8.30am to 5.30pm (AWST).

In addition, a joint conference call to brief interested parties will be held on 1800 908 299 (within Australia) or +61 2 9007 8048 (from outside of Australia) at 10:30am AEST (07:30 WST), 10 February 2020. Participants can register for the call by navigating to: <https://s1.c-conf.com/DiamondPass/10004115-invite.html>. Please note that registered parties will receive their dial-in number upon registration.

Advisers

Ramelius has engaged Adelaide Equity Partners Ltd (Financial) and Allion Partners (Legal) as advisors to this transaction.

Spectrum has engaged Hartleys Limited (Financial) and Bennett & Co (Legal) as advisors to this transaction.

This ASX announcement was authorised for release by the Board of Directors of Ramelius Resources Limited and Spectrum Metals Limited.

Ramelius Contacts

Investor enquiries:

Mark Zeptner

Managing Director
Ramelius Resources Ltd
Ph: +61 8 9202 1127

Tim Manners

Chief Financial Officer
Ramelius Resources Ltd
Ph: +61 8 9202 1127

Duncan Gordon

Executive Director
Adelaide Equity Partners
Ph: +61 404 006 444

Media enquiries:

Luke Forrestal

Associate Director
Media & Capital Partners
Ph: +61 411 479 144

Spectrum Contacts

Investor enquiries:

Alex Hewlett

Executive Chairman
Spectrum Metals Ltd
Ph: +61 8 6368 1195

Paul Adams

Managing Director
Spectrum Metals Ltd
Ph: +61 8 6368 1195

Dale Bryan

Head of Corporate Finance
Hartleys Limited
Ph: +61 8 9268 2829

About Spectrum

Spectrum Metals Limited (ASX: SPX) is a domestic West Australian focussed gold exploration and development company concentrating on high-grade, brown fields assets that can leverage off existing infrastructure and add value through exploration and development.

Spectrum's strategy is to identify and explore under explored terrain and brownfields assets through the use of modern techniques and technology to maximise success.

The Company's principal asset is the Penny West Gold Project located 25km south of the Youanmi Mining Centre and approximately 550km north-east of Perth in Western Australia.

Spectrum announced a maiden JORC 2012 Mineral Resource Estimate of 799,000t at 13.8 g/t Au for 355,500oz contained gold at the Penny West Gold Project to the ASX on 24 October 2019.

About Ramelius

Ramelius Resources Limited (ASX: RMS) is a Western Australian gold producer that has been listed on the ASX since 2003 and in production since 2006. Ramelius owns and operates the Mt Magnet, Edna May, Vivien and Marda gold mines and owns a 90% interest in the Tampia Hill gold project, all in Western Australia (refer Figure 2).

Ore from the high-grade Vivien underground mine, located near Leinster, is trucked to the Mt Magnet processing plant where it is blended with ore from both underground and open pit sources. The Edna May operation, purchased from Evolution Mining Limited in October 2017, currently processes ore from its underground operations and hauled ore from the Marda gold mine. A Tampia gold project decision-to-mine is expected in the March quarter, 2020.

Ramelius reported excellent financial and operational performance for Financial Year 2019. The Company reported Net Profit after Tax of A\$21.8M, the fifth consecutive annual profit reported by the company, after which an inaugural dividend of A\$0.01 per share was paid to eligible shareholders in October 2019.

The financial performance was achieved on the back of production of 196,679 ounces of gold at an AISC of A\$1,192/oz for the year. Further to this, Ramelius announced to the ASX on 30 July 2019 its forecast to produce 205,000-225,000 ounces of gold at an AISC of A\$1,225-\$1,325/oz for the 2020 Financial Year.

Ramelius Resources Limited	Spectrum Metals Limited
<p>ISSUED CAPITAL Ordinary Shares: 658M</p> <p>DIRECTORS NON-EXECUTIVE CHAIRMAN: Kevin Lines MANAGING DIRECTOR: Mark Zeptner NON-EXECUTIVE DIRECTORS: Michael Bohm David Southam Natalia Streltsova</p> <p>COMPANY SECRETARY: Richard Jones</p> <p>www.rameliusresources.com.au ramelius@rameliusresources.com.au</p> <p>Registered Office Level 1, 130 Royal Street East Perth, WA 6004 Tel +61 8 9202 1127</p>	<p>ISSUED CAPITAL Ordinary Shares: 1,386M</p> <p>DIRECTORS EXECUTIVE CHAIRMAN: Alexander Hewlett MANAGING DIRECTOR: Paul Adams EXECUTIVE DIRECTOR: James Croser NON-EXECUTIVE DIRECTORS: Nader El Sayed Les Davis</p> <p>COMPANY SECRETARY: Mark Pitts</p> <p>www.spectrummetals.com.au info@spectrummetals.com.au</p> <p>Registered Office Suite 2, 827 Beaufort Street Inglewood, WA 6052 Tel +61 8 6369 1195</p>

Note: The information relating to the Penny West Mineral Resources is extracted from various market releases issued by Spectrum Metals Limited and referenced in this announcement. Spectrum Metals Limited is not aware of any new information or data that materially affects the information included in those announcements referenced. Spectrum Metals Limited confirms that all material assumptions and technical parameters underpinning the estimates in the relevant announcements continue to apply and the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.