



ASX Announcement

22 September 2014

UPDATED MODELLING RESULTS – GROSVENOR GOLD PROJECT

RNI NL (ASX: **RNI**) (formerly Resource and Investment NL) is pleased to announce the Company has completed a comprehensive review of its original gold production strategy (as outlined in ASX announcement 4 March 2014) for the Grosvenor Project in Western Australia's Bryah Basin.

This review has resulted in alternative new mine designs and schedules to address potential material factors associated with;

- A lower gold price environment
- The early cash flow required for project debt servicing and repayment of principal to financiers
- The pursuit of ongoing production subsequent to debt being repaid

A series of revised schedules have been produced from the review which build on each other as follows;

- Stress Case – A schedule based on pit shell designs completed at a gold price of US\$1100/oz and a \$US exchange rate of AUD 0.85c
- Base Case – Based on the Stress Case design, plus the remaining available Grosvenor Reserves excluding the Daylight cutback inventory
- Upside Case – Base Case design plus the inclusion of Starlight Underground and Peak Hill project
- Base Case with Daylight – Modified Base Case design incorporating additional mining inventory sourced from a modified Daylight cutback.

The adoption of a specific case and decision to mine will depend on the particular terms and conditions of any particular project financing deal, including potential gold and currency hedging.

RNI has appointed corporate advisory group PCF Capital Group Pty Ltd (PCF) to assist with the Grosvenor Project's financing requirements.

PCF has significant experience in arranging finance for resource companies with similar projects and RNI is pleased to welcome the experienced team from PCF to the Grosvenor Project.

The key outcomes related to flexing of the financial model are outlined in the attached presentation.

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An Emerging Western Australian Miner
With a dominant copper-gold exploration portfolio



RNI NL

ASX: RNI

Grosvenor Project – Updated Modelling Results
September 2014

Forward Looking Statement



RNI NL (ASX: RNI) is an emerging gold miner advancing a near term pathway to production at its Grosvenor and Peak Hill Projects in the Bryah Basin, 170km north-west of Meekatharra (“the Project”)

RNI provides this update of the Project financial modelling. In terms of ASX Guidance Note 31 a “production target” is a projection or forecast of the minerals to be extracted from a particular mining tenement or tenements for a period extending beyond the current year and extending to the forthcoming year

This announcement does not constitute a production target. RNI is not in production, nor can be without the settling of a financing package

In terms of ASX Guidance Note 31, this presentation reflects an aspirational statement in terms of section 8.3

These outcomes reflect stress testing of the two major Project material factors i.e. USD gold price, and AUD:USD exchange rate

These factors will ultimately be settled as part of the financing package, once concluded and a final investment decision made by the RNI Board



Forward Looking Statement



This presentation has been prepared by RNI NL. This document contains background information about RNI and its related entities current at the date of this announcement. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this presentation. This presentation is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

Statutory disclaimer “ There is a low level of geological confidence associated with inferred resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised”. The major material impacts on the Project economics are the gold price and the Australian dollar exchange rate . Tax rates and tax treatment of amortisation and depreciation may also vary over the life of project. The directors and management of RNI have no control over these external factors. The Project and its progress are also subject to statutory approvals in the State of Western Australia, on which no certainty of outcome, timing and content can be made. The Project is subject to a WA State royalty and at the time of this announcement State royalty rates under review.

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Optimisation Background



The previous mine design & schedule focused on maximising gold ore Reserves and mine life at the then prevailing gold price. This aimed to optimise the Project NPV with a reduced focus on the short term payback capacity

RNI has since completed a comprehensive review of this original strategy and developed several alternative mine designs and schedules to address a number of material factors associated with;

- A lower gold price environment
- The early cash flow generation for debt servicing and repayment of principal to financiers
- The pursuit of ongoing production subsequent to the debt being repaid

A series of revised schedules have been produced which ostensibly build on each other as follows;

- **Stress Case** – A schedule based on pit shell designs completed at US\$1100
- **Base Case** – Based on the Stress Case design plus the remaining available Grosvenor Reserves*
- **Upside Case** – Base Case design plus the inclusion of Starlight Underground and Peak Hill project
- **Base Case with Daylight** – Base Case design incorporating additional mining inventory sourced from a modified Daylight Cutback

*Excluding inventory from Daylight cutback



Optimisation Outcomes



Under the revised strategy of focusing on high margin production, RNI was able to achieve the following results;

- Improvement of Payback Period in all cases over March 2014 Model (3.25-4.5 years vs 7.8 years)
- Positive free cash flow and NPV for all new cases including Stress Case using a lower price deck
- Overall minor reduction in mining inventory through pursuit of early cashflow
- Base Case currently excludes the high capital requirement for Starlight Underground
- July 2014 mining tender results incorporated into all models resulting in an overall 3% reduction in total mining cost from previous model

The new scenarios are considered conservative as the Stress and Base Case scenarios use only declared current Reserve inventory and the Upside scenario only includes the Reserve inventory plus optimised resources from completed Concept Studies

Current scenarios do not include;

- Known near project gold deposits:
 - Forrest gold cap
 - Regent
 - Messiah
- Low grade stockpiles
- Future brownfield exploration success
- Upside from recent copper exploration success



Financial Comparison – New Model vs March 2014 Model



Key Projected Metrics

The table below summarises the key financial metrics calculated in each case within the New Model compared with the March 2014 Model.

Key Metrics		Stress Case	Base Case	Base Case with Daylight	Upside Case	March 2014 Model*
Revenue**	(AUDm)	264	439	507	703	751
Operating Expenses	(AUDm)	-188	-332	-389	-464	-466
Capital Expenditure***	(AUDm)	-42	-61	-64	-115	-102
Royalties, Tax and Working Capital	(AUDm)	-7	-11	-12	-36	-19
Free Cash Flow	(AUDm)	27	35	42	88	144
IRR	%	33%	30%	32%	40%	50%
Debt Payback Period	(Years)	3.2	4.5	4.7	4.2	7.8
Project NPV****	(AUDm)	17	20	24	53	94

*The Gold Price assumptions have been adjusted in the March 2014 Model so that they are consistent with the gold price assumptions in the New Model. As such, any differences in value are not attributable to inconsistent price assumptions between the Current and New Model.

** With the exception of the “Stress” scenario, all scenarios have been modelled at a Gold price of USD1,255/oz and an AUD:USD rate of \$0.91. The “Stress” scenario has been modelled at USD1,150/oz and an AUD:USD rate of \$0.85.

*** Capital Expenditure includes Establishment and Sustaining Capital Expenditure as well as repayment of the existing corporate debt facility of \$19.5M at the commencement of the project as part of a new project debt facility.

****NPV represents the Net Present Value of the project calculated at an 8% discount rate incorporating corporate and site costs and revenues including capital costs, operating costs, royalties, tax and financing costs. For the life of the project.

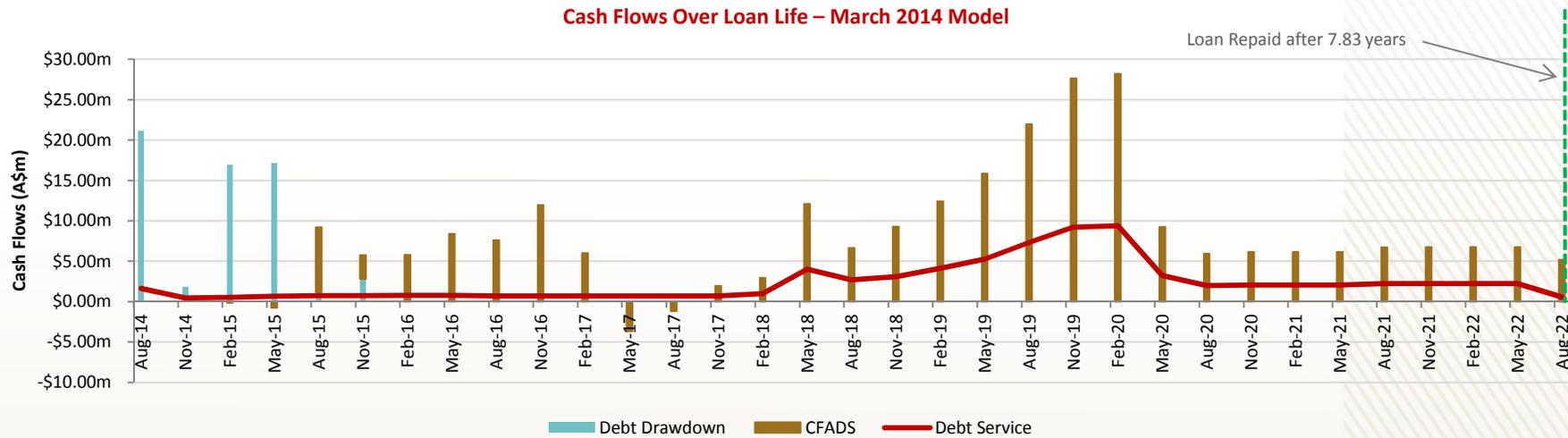
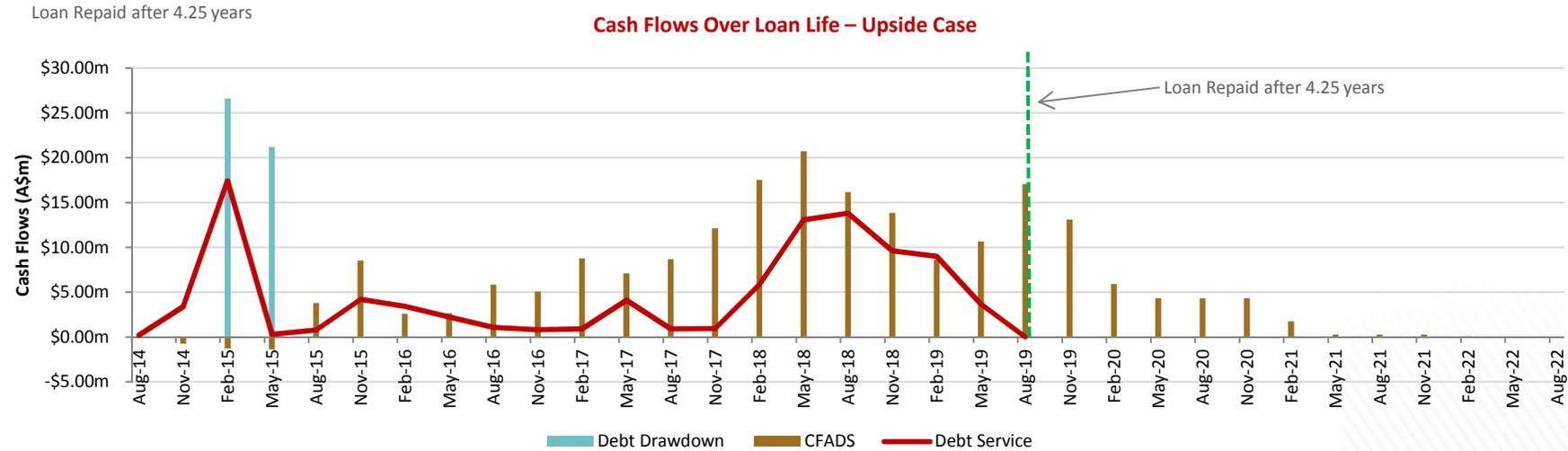


Cash Flow Comparison



Upside Case vs March 2014 Model

The graphs below show the cash flows over the project life under the Upside Case of the New Model and under the March 2014 Model.



Appointment of Corporate Advisor – PCF Capital Group



RNI has appointed corporate advisory group, PCF Capital Group Pty Ltd (PCF), to assist it with seeking financing alternatives for the Grosvenor Project

PCF has significant experience in arranging finance for resource companies with similar projects and RNI is pleased to welcome the experienced team from PCF to the Grosvenor Project

Over the coming quarter, RNI will continue to explore various funding alternatives to determine the most appropriate pathway forward for the Grosvenor Project

