

5 Dec 2014

RENAISSANCE MINERALS (RNS)

Cambodia - Exploration upside and keen for mining

We recently had a site visit to Renaissance Minerals' Okvau Gold Project in Cambodia. Based on what we saw, the exploration site is well organised and operated and the project area has significant exploration upside.

Renaissance has 100% interest in the project, having acquired the asset from OZ Minerals in early 2012. The project area is considered highly prospective for intrusion-related gold (IRG) systems, as confirmed by the shallow, good-grade 1.2Moz Okvau gold deposit.

The Company has already released a robust "Base Case" Scoping Study for the potential development of Okvau, based on a 1.5Mtpa CIL operation producing ~93Kozpa from a single open pit over an initial 8 year mine life. Life of mine (LOM) all-in sustaining costs (AISC) of US\$783/oz, highlight the project's economic viability with a relatively modest capex of US\$133m, includes contingencies. More detailed development studies have commenced with the PFS expected to be released in late Q2 CY15.

Okvau upside with strong potential for new discoveries

IRG systems rarely form in isolation and Renaissance has commenced with an accelerated exploration program (~\$4.5m budget) designed to test for new gold discoveries in close proximity to Okvau. Expanding the mining inventory provides opportunities to increase mine life and/or potentially increase scale of the operation (ie increase to 2Mtpa).

The drilling program is well underway and will consist of an initial ~15,000m diamond/RC drilling program through to the end of March 2015. Drilling along the western margin of the Okvau deposit, targeting high-grade gold mineralisation up-dip within the sediment contact has been completed (assays pending) and could add good-grade resource ounces. The Okvau deposit remains open to the north-east, south-west and at depth, as such further resource growth is anticipated.

Surrounding Okvau, the Company has ~400km² to explore with highly prospective geology and multiple drill-ready targets to be tested. Drilling was well advanced at the Prek Te prospect (near the RNS camp) during the site visit, and following completion of the planned holes, the drill rig was to be moved 3km north to test the high-priority Area 1 prospect. Previous sampling over Area 1 has defined 3 large soil anomalies (elevated IRG pathfinders) which includes a notable trench sample (17 m @ 2.9g/t Au).

Cambodia is a developing nation building a mining industry

Cambodia is an emerging Asian economy, benefiting from increasing investment in infrastructure, in particular roads and power (hydropower), especially in regional areas. The country has no restrictions on foreign ownership and is placing a high-emphasis on developing a mining industry. The mining code is in the process of being updated. The corporate tax rate of 30% and royalty rate on gross revenues of 2.5% are expected to be unchanged but the new code is yet to be ratified through parliament. It is expected the new mining laws should come into place early in CY15.

Our RNS valuation remains unchanged at 17cps with a price target of 20cps. We continue to recommend Renaissance as a Speculative Buy. The drilling program currently underway is expected to provide strong positive news with the potential for new gold discoveries.

Share Price	\$0.061
Valuation	\$0.17
Price Target (12 month)	\$0.20

Brief Business Description:

Exploration and development of gold deposits.

Hartleys Brief Investment Conclusion

Under-explored and highly prospective IRGS terrain in Cambodia. Robust scoping development study delivered on the Okvau gold deposit.

Chairman & MD

Alan Campbell (Non-Executive Chairman)

Justin Tremain (Managing Director)

Top Shareholders

Ingalls & Snyder (NA)	19.6%
OZ Minerals	12.5%
JA Advisory (Aus)	12.0%

Company Address

280 Churchill Avenue Subiaco, WA 6008

Issued Capital	398.9m
- fully diluted ITM options	423.7m

Market Cap	A\$24.3m
- fully diluted ITM options	A\$25.8m

Cash (est)	A\$6.0m
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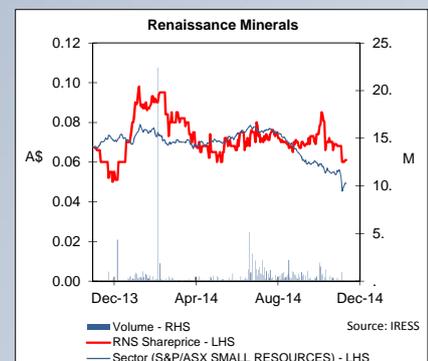
Debt	A\$0.0m
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EV	A\$18.3m
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EV/Resource Au eq oz	A\$15/oz
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EV/Reserve Au eq oz	na
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	Au
Resources (Moz)	1.20
Reserves (Moz)	na



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Hartleys has completed capital raisings in the past 12 months for Renaissance, for which it has earned fees. Hartleys has provided corporate advice within the past 12 months and continues to provide corporate advice to Renaissance, for which it has earned fees and continues to earn fees. Hartleys has a beneficial interest in 3m RNS options. An analyst has an interest in RNS shares.

Renaissance contributed to the travel and/or accommodation costs associated with the site visit.

SUMMARY MODEL

Renaissance Minerals		Share Price				
RNS		\$0.061				
Key Market Information						
Share Price		\$0.061				
Market Capitalisation - ordinary		A\$24m				
Net Debt (cash)		-\$6m				
Market Capitalisation - fully diluted		A\$26m				
EV		A\$20m				
Issued Capital		398.9m				
Options		24.8m				
Issued Capital (fully diluted inc. all options)		423.7m				
Issued Capital (fully diluted inc. all options and new capital)		748.9m				
Valuation		\$0.17				
12month price target		\$0.20				
P&L						
	Unit	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18
Net Revenue	A\$m	0.0	0.0	0.0	0.0	53.9
Total Costs	A\$m	-6.5	-5.9	-5.7	-6.4	-28.6
EBITDA	A\$m	-6.5	-5.9	-5.7	-6.4	25.3
- margin						47%
Depreciation/Amort	A\$m	-0.1	-0.1	-0.1	-0.1	-0.1
EBIT	A\$m	-6.5	-6.0	-5.8	-6.4	25.2
Net Interest	A\$m	0.0	0.1	0.1	0.1	0.1
Norm. Pre-Tax Profit	A\$m	-6.7	-5.9	-5.7	-6.3	25.4
Reported Tax Expense	A\$m	0.0	0.0	0.0	0.0	0.0
Normalised NPAT	A\$m	-6.5	-4.1	-4.0	-4.4	17.8
Abnormal Items	A\$m	-0.2	-1.8	-1.7	-1.9	1.8
Reported Profit	A\$m	-6.7	-5.9	-5.7	-6.3	19.5
Minority	A\$m	0.0	0.0	0.0	0.0	0.0
Profit Attrib	A\$m	-6.7	-5.9	-5.7	-6.3	19.5
Balance Sheet						
	Unit	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18
Cash	A\$m	1.5	1.5	1.9	105.8	42.6
Other Current Assets	A\$m	0.2	0.0	0.0	0.0	4.5
Total Current Assets	A\$m	1.7	1.5	1.9	105.9	47.1
Property, Plant & Equip.	A\$m	0.2	0.1	0.0	39.9	121.9
Exploration	A\$m	19.1	23.1	27.1	31.1	29.3
Investments/other	A\$m	0.1	0.1	0.1	0.1	0.1
Tot Non-Curr. Assets	A\$m	19.3	23.2	27.2	71.1	151.2
Total Assets	A\$m	21.0	24.7	29.1	176.9	198.3
Short Term Borrowings	A\$m	-	-	-	-	-
Other	A\$m	0.5	0.6	0.6	0.6	2.5
Total Curr. Liabilities	A\$m	0.5	0.6	0.6	0.6	2.5
Long Term Borrowings	A\$m	-	-	-	98.1	98.1
Other	A\$m	-	-	-	-	-
Total Non-Curr. Liabil.	A\$m	-	-	-	98.1	98.1
Total Liabilities	A\$m	0.5	0.6	0.6	98.7	100.6
Net Assets	A\$m	20.5	24.1	28.5	78.2	97.7
Net Debt	A\$m	-1.5	-1.5	-1.9	-7.7	55.5
Cashflow						
	Unit	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18
Operating Cashflow	A\$m	-4.4	-5.7	-5.7	-6.3	22.6
Income Tax Paid	A\$m	0.0	0.0	0.0	0.0	0.0
Interest & Other	A\$m	0.1	0.1	0.1	0.1	0.1
Operating Activities	A\$m	-4.3	-5.6	-5.6	-6.2	22.8
Property, Plant & Equip.	A\$m	0.4	0.0	0.0	-40.0	-82.0
Exploration and Devel.	A\$m	0.0	-4.0	-4.0	-4.0	-4.0
Other	A\$m	0.0	0.0	0.0	0.0	0.0
Investment Activities	A\$m	0.4	-4.0	-4.0	-4.0	-86.0
Borrowings	A\$m	0.0	0.0	0.0	98.1	0.0
Equity or "tbc capital"	A\$m	3.9	9.5	10.1	56.0	0.0
Dividends Paid	A\$m	0.0	0.0	0.0	0.0	0.0
Financing Activities	A\$m	3.8	9.5	10.1	154.1	0.0
Net Cashflow	A\$m	-0.1	0.0	0.4	103.9	-63.2
Shares						
	Unit	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18
Ordinary Shares - End	m	306.6	373.6	440.6	790.6	790.6
Ordinary Shares - Weighted	m	259.9	340.1	407.1	615.6	790.6
Diluted Shares - Weighted	m	278.5	340.1	407.1	615.6	790.6
Ratio Analysis						
	Unit	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18
Cashflow Per Share	A\$ cps	-1.6	-1.6	-1.4	-1.0	2.9
Cashflow Multiple	x	-3.7	-3.7	-4.4	-6.1	2.1
Earnings Per Share	A\$ cps	-2.6	-1.7	-1.4	-1.0	2.5
Price to Earnings Ratio	x	-2.4	-3.5	-4.4	-5.9	2.5
Dividends Per Share	AUD	-	-	-	-	-
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Debt / Net Debt + Equity %		-8%	-7%	-7%	-11%	36%
Interest Cover	X	na	45.8	44.2	49.1	na
Return on Equity	%	na	na	na	na	18%
Directors						
Alan Campbell (Non-Executive Chairman)		280 Churchill Avenue				
Justin Tremain (Managing Director)		Subiaco, WA 6008				
Dave Kelly (Non-Executive Director)		+61 8 9286 6300				
Brett Dunnachie (CFO & Company Secretary)		+61 8 9286 6333				
Craig Barker (Exploration Manager)						
Vireak Nouch (Country Manager- Cambodia)		www.renaissanceminerals.com.au				
Top Shareholders						
		m shares	%			
Ingalls & Snyder (NA)		78.00	19.6%			
OZ Minerals		50.00	12.5%			
JA Advisory (Aus)		47.87	12.0%			
Reserves & Resources						
		Mt	g/t Au	Moz	LC	
Resource - Okvau						
Measured		-	-	-		
Indicated		15.2	2.30	1.11		
Inferred		0.5	5.90	0.09		
Total		15.6	2.40	1.20	0.65g/t	
Mining Inventory - Scoping						
		11.0	2.30	0.79	0.60g/t	
Production Summary						
	Unit	Jun 16	Jun 17	Jun 18	Jun 19	
Mill Throughput	Mt	0.0	0.0	0.6	1.5	
Strip Ratio	x	0.0	0.0	4.0	4.0	
Mined grade	g/t	0.00	0.00	2.3	2.3	
Combined Recovery & Payability	%	0.0%	0.0%	87%	87%	
Gold	(koz)	0.0	0.0	37.0	98.6	
Gold Equiv	(koz)	0.0	0.0	37.0	98.6	
M&I Non-Reserve Conversion	%	0.0%	0.0%	17.8%	14.6%	
Mine Life	yr	9	9	9	8	
Mining Inventory	Mt	11	11	11	11	
Conversion of M&I	%	72%	72%	72%	72%	
Costs						
	Unit	Jun 16	Jun 17	Jun 18	Jun 19	
Cost per milled tonne	\$/t	-	-	43.4	44.5	
EBITDA / tonne milled ore	\$/t	-	-	45.0	38.7	
C1: Operating Cash Cost = (a)						
	\$/oz	-	-	660	677	
(a) + Royalty = (b)						
	\$/oz	-	-	697	710	
C2: (b) + depreciation & amortisation = (c)						
	\$/oz	-	-	662	677	
(c) + actual cash for development = (d)						
	\$/oz	-	-	769	758	
C3: (c) + Royalty						
	\$/oz	-	-	699	711	
(d) + Royalty						
	\$/oz	-	-	805	791	
Total Cash Cost	\$/oz	-	-	773	753	
Price Assumptions						
	Unit	Jun 16	Jun 17	Jun 18	Jun 19	
AUDUSD	A\$/US\$	0.94	0.91	0.90	0.93	
Gold	US\$/oz	1300	1296	1300	1254	
Hedging						
		Jun 16	Jun 17	Jun 18	Jun 19	
Hedges maturing?		No	No	No	No	
Sensitivity Analysis						
						Valuation
						0.17
Base Case						
Spot Prices						0.19 (9.1%)
Spot USD/AUD 0.84, Gold \$1205/oz.						
AUDUSD +/-10%						0.15 / 0.20 (-12.0% / 14.6%)
Gold +/-10%						0.23 / 0.12 (33.4% / -33.5%)
Production +/-10%						0.17 / 0.17 (0.0% / 0.0%)
Operating Costs +/-10%						0.14 / 0.21 (-20.2% / 20.2%)
Unpaid Capital						
		No (m)	\$(m)	Ave Pr	% Ord	
Options						
31-Mar-15		10.78	3.08	0.29	2.7%	
9-May-15		3.00	0.90	0.30	0.8%	
31-Dec-15		3.00	0.93	0.31	0.8%	
28-Feb-16		2.00	0.55	0.28	0.5%	
18-Sep-16		2.43	0.24	0.10	0.6%	
15-Oct-17		3.55	0.36	0.10	0.9%	
Total		24.76	6.05	0.24	6.2%	
Share Price Valuation (NAV)						
		Risked Est. A\$m			Est. A\$/share	
100% Okvau (pre-tax NAV at disc. rate of 12%)		116			0.15	
Exploration		60			0.08	
Forwards		0			0.00	
Corporate Overheads		-40			-0.05	
Net Cash (Debt)		6			0.01	
Tax (NPV future liability)		-11			-0.01	
Options & Other Equity		0			0.00	
Total		131			0.17	
Analyst: Mike Millikan Analyst: Scott Williamson						
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tbc capital could be equity or debt. Our valuation is risk-adjusted for how this may be obtained.						
Sources: IRESS, Company Information, Hartleys Research						
Gold explorer/developer with no current producing assets.						
Leveraged to exploration success/improved market sentiment.						
Last Updated: 05/12/2014						

Cambodian Gold – First Mover Advantage

Renaissance has 100% direct ownership of two licences (Okvau and O Chhung), covering ~400km² in Cambodia, located some 300kms north-east of the capital Phnom Penh.

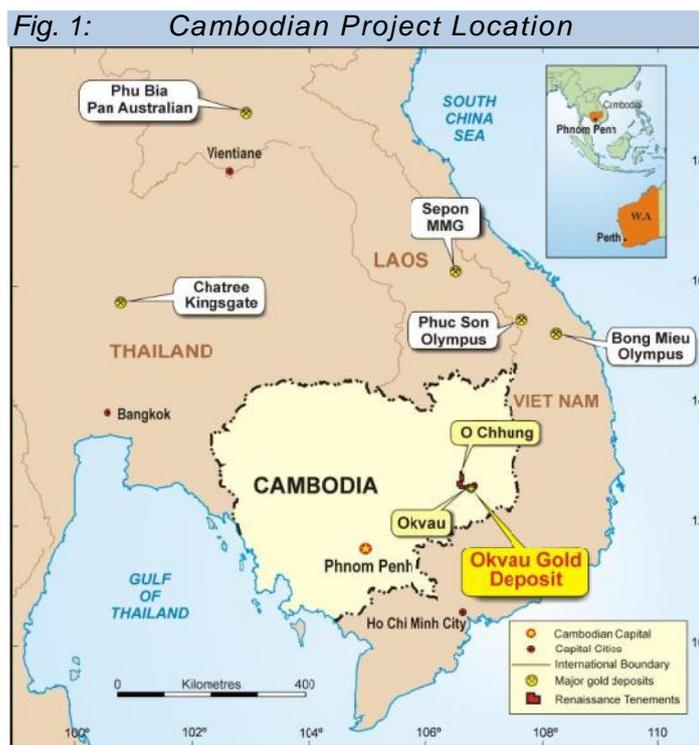
Cambodia has a large untapped mineral endowment, with Renaissance being one of a handful of active gold explorers within the country, but with first mover advantage in regards to licence agreements and exploration data already collected. The country has a favourable fiscal regime for foreign investment with a mining law largely modelled on the Western Australian mining code.

Actively exploring two contiguous licences located to the north-east of Kratie

Contains the +1.2Moz Okvau gold deposit

OZL still holds a ~12.5% interest in RNS

~400km² of prospective terrain to explore



Source: Renaissance Minerals Limited

The Cambodian gold assets were acquired from OZ Minerals in early 2012, through the upfront cash payment of \$7.8m and issue of 26.4m RNS shares and 9m options to OZL. In addition to the upfront cash payment the Company had to pay a further \$5m in cash 12 months after completion of the transaction and \$10m milestone payment upon a decision to mine. A deferred cash payment of \$12.5m will also be payable, if production is achieved, due some 6 months after first gold pour.

The ground holdings are considered highly prospective for intrusion-related gold (IRG) systems as confirmed by the +1.2Moz Okvau gold deposit, which is directly associated with a diorite intrusion. It is considered highly unlikely that this deposit occurs in isolation, as IRG systems are generally large and cluster, providing for strong exploration potential. The Okvau deposit is a high-quality gold resource; it is shallow, good-grade (2.4g/t Au at a 0.65g/t Au lower cut) and 90% of the resource is Indicated. Mineralisation also remains open to the north-east, south-west and at depth, and as such further resource growth is anticipated.

Exploration completed to date over the project areas has demonstrated the potential for the project area to contain multiple large-scale gold deposits. The plutonic rocks (granitoids) throughout the area have a direct association with gold mineralisation and similarities to the IRG deposits of the major Tintina Belt of Alaska and Canada, notably intrusive age (both Cretaceous aged), geochemical signatures (pathfinder elements of gold, arsenic, bismuth and tellurium) and deposit style.

Cambodia is a developing nation building a mining industry

Cambodia is an emerging Asian economy; with a strong investment focus in improving infrastructure, in particular roads and power (hydropower). Real GDP growth is forecast to be 7% in 2014, which is above the South-east Asia Real GDP growth average of 6.1% estimated for 2014.

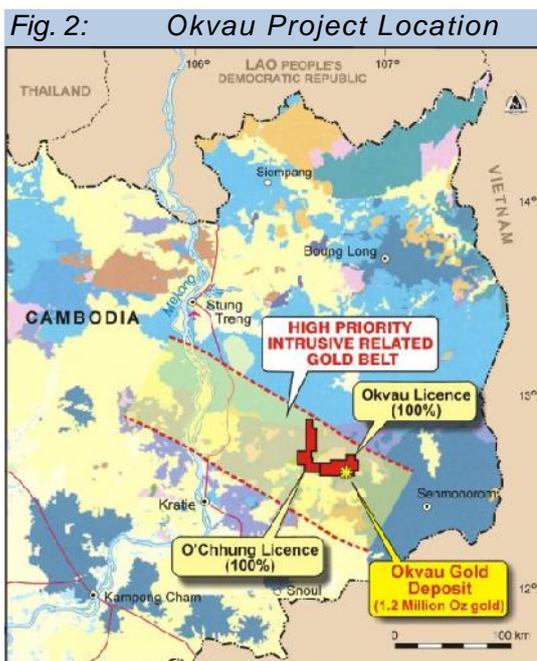
Strong infrastructure investment underway, particularly in regards to improving roads and connecting power

We were immediately impressed with infrastructure investment (roads and power) underway in Cambodia. The impact of improving the road networks alone has had the immediate effect of opening trade and increasing regional development investment. The expansion of reliable grid power is another important requirement for a developing nation such as Cambodia. The major source of current power generation is diesel and heavy fuel oil (HFO). Only two coal-fired power stations are in operation and plans are in place for the construction of at least five hydropower plants, with two expected to be completed in the near-term. Hydropower is considered to be the future for the country's power needs.

Cambodia has a total population of about 15 million, of which ~80% live in rural areas, so the availability of relatively cheap power, which is expected to be delivered through hydropower will be an important development for the nation. The town of Kratie, which is settled on the Mekong River is expected to be connected into the national electricity grid by 2015/2016, which bodes well for Renaissance as the transmission line (under construction) will be within ~80km of the Okvau project, offering grid power at US\$12-13c/KWh. Renaissance has estimated a capital cost of ~US\$10m for a 66kV power line from Kratie to Okvau.

New mining code expected to be released in early CY15

Cambodia has no restrictions on foreign ownership and is placing a high-emphasis on developing a mining industry. There are no major operating mines in country, only small-scale (artisanal) activity. The mining code is in the process of being updated. The corporate tax rate of 30% and royalty rate on gross revenues of 2.5% are expected to be unchanged but the new code is yet to be finalised and ratified through parliament. There is also some discussion around a potential Excess Profit Tax, which has the possibility (if introduced) to marginally increase the corporate tax rate on some "extra" profits. However, the Ministry of Mines is apparently concerned about the introduction of another tax, and at this stage it is only a discussion item. It is expected the new mining laws should come into place early in CY15.



Source: Renaissance Minerals Limited

Site Visit Confirms Significant Exploration Upside

Impressive technical team on site, with strong enthusiasm and optimism to make the next discovery

With the Cambodian wet season only recently coming to an end, site access to Okvau was made through use of a “Squirrel” helicopter. The Scoping Study includes capital to upgrade the existing site access road for some 35km to make it suitable for all weather site access.

Upon arrival to the Okvau exploration camp we were immediately impressed with the professionalism of the Renaissance team. The enthusiasm of the technical team and the excitement on the ground at Okvau added to our confidence in regards to the significant potential of the project.

The mineralised vein system at Okvau has favourable geometry to make it amenable to open pit mining

Fig. 3: Aerial view of the Okvau deposit



Artisanal activity over the Okvau deposit is now very low, and restricted to only near-surface (softer) ores

Source: Hartleys Research; Note some of the old artisanal workings

The mineralised vein system of the Okvau Deposit has a current strike extent of 500m and width of 250m. The depth and geometry of the resource will make it amenable to open pit mining, with an expected low strip ratio (<6:1).

Robust Scoping Study recently released highlights strong economics and only modest capex

The deposit boasts a good-grade and exceptional grade distribution of ~4,400oz per vertical metre. The resource is considered robust, with 90% in the Indicated resource category, which is contained within the top 220m.

Robust Scoping Study

Renaissance recently released a positive Scoping Study for the potential development of the Okvau gold deposit. The Scoping Study is considered very much base case, and is premised on a 1.5Mtpa CIL operation producing ~93Kozpa from a single open pit over an initial 8 year mine life. Life of mine (LOM) all-in sustaining costs (AISC) of US\$783/oz, highlight the project’s economic viability with a relatively modest capex of US\$133m which includes contingencies.

The PFS is now underway with the mineral inventory expected to increase through resource extensions and new discoveries

The current drill program is designed to test a number of high-priority prospects all in close proximity to Okvau

The study envisaged that the open pit would be developed in three stages, with lower stripping ratio in the early years of the mine and lower operating costs. AISC in the initial two years of production are expected to be only US\$663/oz. In the first 5 years of operation (Stage 1 and 2) the strip ratio of the open pit is expected to be 3.7:1 (W:O) and contains ~67% of ounces at an average head grade of 2.3g/t Au. In Stage 3 the strip ratio increases to 9.6: (W:O) with the head grade decreasing to 2.1g/t Au, providing for a LOM average strip ratio of 5.7:1 (W:O) and average head grade of 2.3g/t Au.

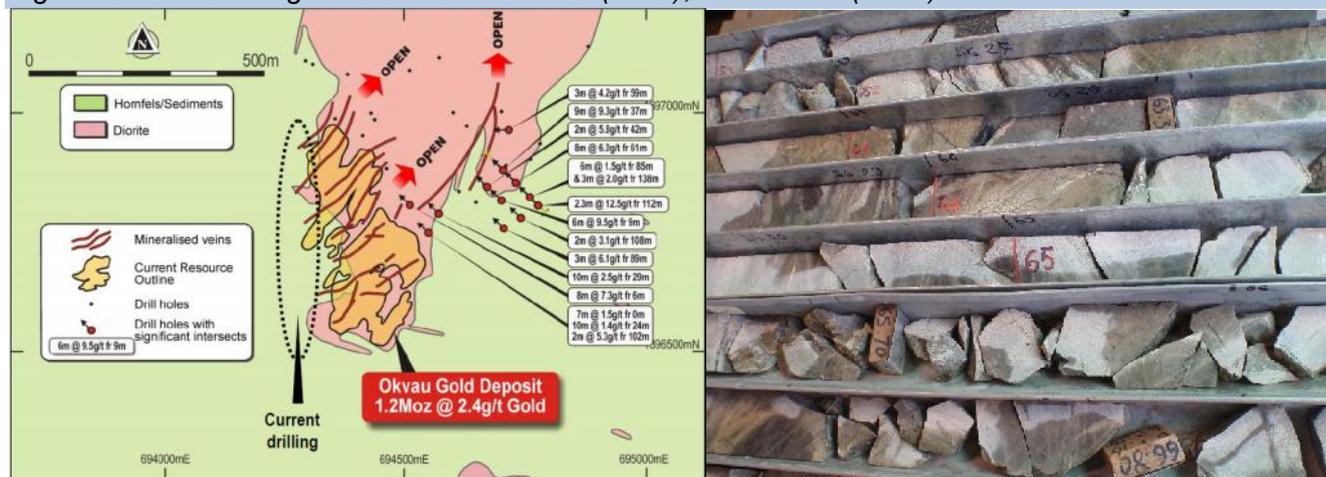
Exploration success provides opportunities to potentially displace or defer the Stage 3 open pit cut-back which would enhance the project economics further. More detailed development studies have commenced with the PFS expected to be released in late Q2 CY15.

New discoveries expected

Significant opportunities exist for new discoveries within the Okvau and adjoining O’Chhung licence areas. A major focus for Renaissance is the current drilling program that commenced during the September Quarter consisting of ~15,000m of Diamond and RC drilling. The drilling program is designed to test for new gold discoveries at a number of highly prospective targets all within close proximity to the Okvau deposit and potential development infrastructure.

Drilling along the western margin of the Okvau deposit, targeting high-grade gold mineralisation up-dip within the sediment contact has been completed (assays pending) and could add good-grade resource ounces. The Okvau deposit remains open to the north-east, south-west and at depth, as such further resource growth is anticipated.

Fig. 4: Okvau drilling western extensions (LHS); Drill Core (RHS)



Source: Renaissance Minerals Limited; Hartleys Research

Initial exploration focus is targets within close proximity to Okvau offering potential satellite deposits for development

The initial focus of exploration is targets within close proximity (trucking distance) to Okvau offering potential satellite deposits for development. The Company has four immediate high-priority drill-ready targets north of Okvau to test (Samnang, Prek Te, Area 1 and Okvau North), with drilling now well advanced. Following exploration drilling over these areas, targets further to the west at Granite Hill and Area 6 are planned to be tested. All of the drill-targets are robust gold in soil anomalies with critical pathfinder multi-elements (Bismuth, Arsenic, Tellerium) indicative of IRG systems and all show potential for an ‘Okvau-style’ repetition.

Samnang

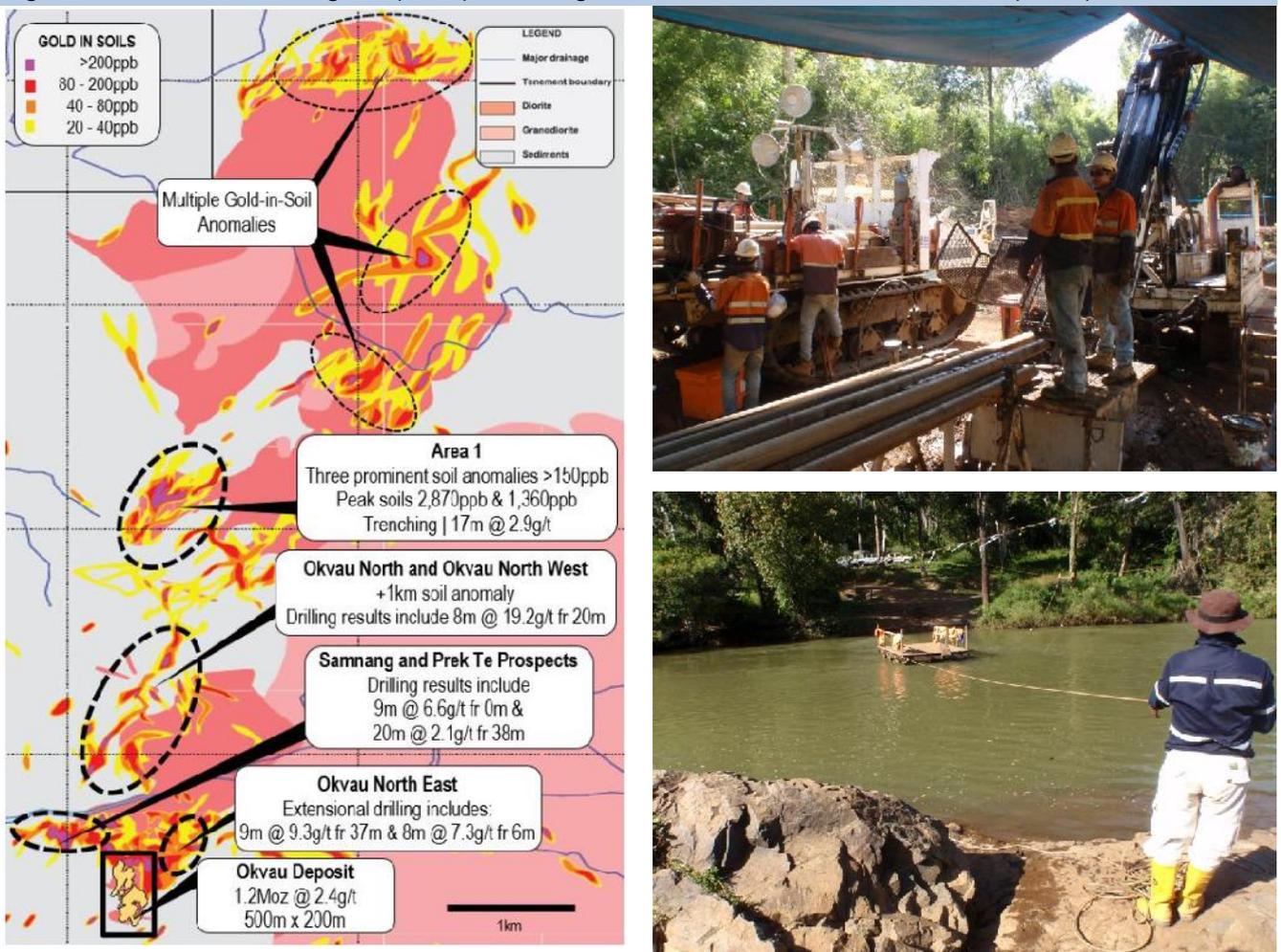
The Samnang prospect is located ~500m north-west of Okvau, considered to be a potential analogue to Okvau. The prospect is characterised by highly anomalous surface geochemistry, and significant artisanal workings with limited drilling returning highly encouraging results, which included 9m @ 6.6g/t gold from 0m; 20m @ 2.1g/t gold from 38m and 3m @ 4.0g/t gold from 21m. Drilling over the prospect has been completed with assays pending.

Prek Te

The Prek Te prospect is located ~500m north of Okvau, along the Prek Te Fault, which is defined by the Prek Te River. Mapping, rock chip and channel sampling along the fault, returned multiple high grade assays including 14.9g/t, 10.9g/t and 6.8g/t from grab samples and 4m @ 6.2g/t from channel samples. The prospect was in the process of being drilled during our visit to site.

4 high-priority prospects are currently being tested

Fig. 5: Okvau Trend Targets (LHS); Drilling at Prek Te and Prek Te River (RHS)



Source: Renaissance Minerals Limited; Hartleys Research

Regional prospectivity to be tested by drilling

Following the initial drilling program at Samnang, Prek Te and Okvau, the drill rig will be moved further north to the Area 1 prospect before moving west to the Granite Hill and Area 6 targets.

Area 1 is one of the highest priority prospects to be drill-tested in the current drill program

Trench sampling over Area 1 returned an impressive 17m @ 2.9g/t Au

Area 1

Area 1 is located ~3kms north of Okvau, and is considered to be one of the highest priority target areas to be tested in the current drilling program. Previous soil sampling has defined three prominent geochemical soil anomalies, with elevated levels of gold, arsenic, bismuth and tellurium over large areas (+800m). Numerous samples returned highly anomalous +100ppb gold, with peak values of 2,870ppb, 1,360ppb, 739ppb and 595ppb gold.

Drilling has been designed to follow up recent trenching results which included an impressive 17m @ 2.9g/t Au, which included 9m @ 4.8g/t Au and 5m @ 3.6g/t Au. Renaissance is planning to drill ~4,000m of diamond and RC over this prospect, with drill pads cleared in preparation of drilling. Drilling was expected to commence late November 2014 and we look forward to the receipt of results over this area.

Fig. 6: Area 1 – Drill Pads Cleared for Drilling



Source: Hartleys Research

Okvau North

Okvau North is located ~1km north of Okvau, and is defined by a large (~1km) long gold-in-soil anomaly. Previous drilling in the area has returned some very good results including 8m @ 19.2g/t Au from a shallow 20m.

Area 6 is another prospect to watch, with first drilling planned for early in the New Year (January)

Granite Hill and Area 6

Following exploration drilling over these prospects north of Okvau, targets further to the west at Granite Hill and Area 6 are planned to be tested. Shallow RC drilling is planned for Granite Hill (located ~6km west of Okvau) at a 50m spacing, with drilling expected to commence late December 2014 on current timing.

The Area 6 prospect, located ~12kms to the west of Okvau is another high-priority prospect which contains the 800m long Gossan Hill anomaly and the 1.5km long Rhyolite Ridge anomaly which has already returned numerous rock chip samples average over 1.5g/t Au and up to 11g/t Au. It is expected this prospect will be drilled in the New Year (January 2015). Renaissance remains well funded to completed planned exploration with first assays results expected soon (early December 2014).

Valuation - unchanged

Our preliminary sum of parts valuation for RNS is based largely on information supplied in the Okvau Scoping Study (released 29th October 2014).

Our model is based on a 1.5Mtpa gold operation producing for an initial 8 years and processing at a head grade of ~2.3g/t and overall recovery of 87% for average production of 93Kozpa. Our capital estimate remains unchanged at ~A\$150m, which is slightly higher than the Scoping Study development estimate for US\$133m. The update to our model is best summarised below.

RNS' Okvau Scoping Study is based on the development of a 1.5Mtpa CIL operation producing ~93Kozpa from a single open pit over an initial 8 year mine life

RNS' LOM C1 cash costs are expected to be US\$735/oz with LOM AISC of US\$778/oz; we cost estimates are largely in-line with these forecasts

Work on the PFS has commenced and is expected to be completed in Q2 CY'15

Fig. 7: Hartleys Modelling Assumptions

Hartleys Model Assumptions	
Current Resource	15.6Mt @ 2.4g/t Au for 1.2Moz
Mineral Inventory	11Mt @ 2.3g/t Au for 794Koz
Ownership	100%
Mining cut-off grade	0.6g/t Au
Strip Ratio (W:O) -LOM	5.7:1
Strip Ratio (W:O) - 1-5	4.0:1
Throughput	1.5Mtpa
Capex (pre-prod) - US\$m	150
LOM - yrs	8
Recoveries - LOM	87%
Gold Oz (recovered)	700,000
Gold Production (ave) - oz	95,000
Mining - US\$/t (W:O)	4.1
Mining - US\$/t	27.5
Mining - US\$/oz	420
Processing - US\$/t	17.0
Processing - US\$/oz	270
G&A - US\$/t	3.1
G&A - US\$/oz	50
C1 Cash Costs - US/t	47.6
C1 Cash Costs - US\$/oz - LOM	740
Royalties - US\$/t	2.0
Royalties - US\$/oz	25.0
Sustaining capex -US\$/t	0.5
Sustaining capex -US\$/oz	5.7
Other US\$/t	1.7
Other US\$/oz	26.3
AISC - US\$/t	51.7
AISC - US\$/oz - LOM	797
Discount rate	12%
Gold royalty rate	2.5%
Corporate tax rate	30%

Source: Hartleys Estimates based largely on RNS's Okvau Scoping Study

Our modelling suggests that the Okvau project is feasible at the scoping level and it should progress to more-detailed development studies. Renaissance has commenced with the PFS, which is expected to be released in Q2 CY'15.

Exploration success (resource expansions) is expected to further enhance the project economics and justify the funding requirement. This exploration upside is already being demonstrated by recent resource extensions at Okvau and with drill-ready targets surrounding the deposit that are currently being tested in a large 15,000m drill program.

We use a discount rate of 12%

We model a nominal \$A60m for exploration value given the strong exploration potential that RNS has to find further IRG mineralisation within close proximity to the Okvau deposit. We expect further drilling will add to the current 1.2Moz resource and strengthen a case to move Okvau into development.

Our RNS NAV is 17cps, which we expect will improve over time as development studies progress and exploration success is delivered

Fig. 8: RNS Sum of parts valuation - preliminary

Share Price Valuation (NAV)	Risked Est. A\$m	Est. A\$/share
100% Okvau (pre-tax NAV at disc. rate of 12%)	116	0.15
Exploration	60	0.08
Forwards	0	0.00
Corporate Overheads	-40	-0.05
Net Cash (Debt)	6	0.01
Tax (NPV future liability)	-11	-0.01
Options & Other Equity	0	0.00
Total	131	0.17

Source: Hartleys Estimates

Our price target for RNS includes weighting for the base case at consensus and spot pricing and a weighting for the current net cash backing.

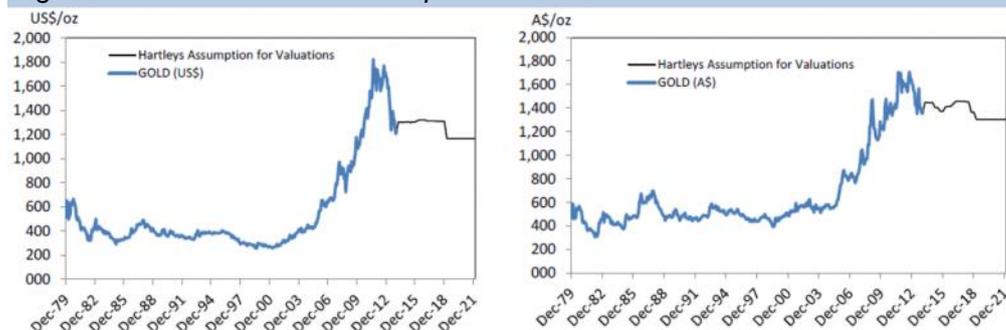
Our 12-month price target for RNS is 20cps (unchanged)

Fig. 9: Price Target Methodology

RNS Price Target Methodology	Weighting	Spot	12 mth out
NPV base case	70%	\$0.17	\$0.22
NPV spot commodity and FX prices	20%	\$0.19	\$0.24
Net cash backing	10%	\$0.02	\$0.01
Risk weighted composite		\$0.16	
12 Months Price Target		\$0.20	
Share price - Last		\$0.061	
12 mth total return (% to 12mth target)		234%	

Source: Hartleys Estimates

Fig. 10: Gold Price Assumptions



Source: Hartleys, IRESS

RISKS

Key risks for RNS include ongoing funding for exploration and development studies. Weather, land access, metallurgical testwork, ore deposit delineating, retaining key people are all risks.

Fig. 11:Key Risks

Assumption	Risk of not realising assumption	Downside risk to share price if assumption is incorrect	Comment
Workable Mining Code	Low-Med	High	Cambodia is in the process of implementing a new Mining Code, which would appear to be based largely on the WA Mining Code. At this stage we assume a Corp tax rate of 30%, gold royalty rate of 2.5%, no restrictions on foreign ownership, no obligation for government participation and no additional taxes. Any changes to these assumptions would have a potential impact on our valuation. We have not modelled an Excess Profit Tax, which has potential to increase the Corp tax rate.
Further exploration success	Low-Med	Med	RNS may require further exploration success to justify the capital required to advance Okvau into development (in these current market conditions). Minimal downside risk exists if RNS has no further exploration success, as Okvau already appears feasible.
Funding for ongoing exploration	Low-Med	Med	To achieve the Company's near term milestones it will require funding for further exploration and development studies. We expect this funding will be realised with minimal risk to the downside.
Ongoing Metallurgical testing at Okvau	Low-Med	Med-High	Met test work on the Okvau deposit shows the likelihood of recoveries of up to 90% (we model 87%, as used in the Scoping Study). Further test work is required to ensure these metallurgical recoveries are achievable in production. Poor metallurgical results are a downside risk to the share price.
Feasible project development	Med	Med-High	Our preliminary modelling is now based on the Okvau Scoping Study. We see some downside risk if RNS are unable to prove-up a feasible and fundable project development at Okvau.
Commodity prices	Med	High	The project remains highly sensitive to commodity price movements and sentiment. The Company's current commodity exposure is to gold only.

Conclusion

At this stage we consider the assumptions have a low to medium risk of not being achieved. We have no current price target on the Company.

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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