

RENAISSANCE MINERALS (RNS)

Robust and Viable Scoping Study Delivered for Okvau

Renaissance Minerals has released a positive Scoping Study for the Okvau Gold Project (100% owned), located in Cambodia. The study, based on the development of a 1.5Mtpa CIL operation producing ~93Kozpa from a single open pit over an initial 8 year mine life, confirms the economic viability of the project. More detailed development studies will now commence with the Pre-Feasibility Study (PFS) expected to be released in late Q2 CY15.

The scoping study was based solely on Indicated resources, providing for a mining inventory of 11Mt @ 2.3g/t Au for 794Koz (implied M&Ind conversion of 72%), with an open pit strip ratio of 5.7:1 (W:O). Capital costs are estimated to be US\$133m and include a ~10% contingency (US\$10m) and pre-production mining of US\$10.5m.

Life of Mine (LOM) operating costs (C1 cash costs) are expected to be US\$735/oz with LOM all-in sustaining costs (AISC) of US\$778/oz. Assuming a gold price of US\$1,250/oz capital payback is expected within 2.6 years, or within 2 years at a higher US\$1,400/oz gold price.

Okvau resource upside with potential for new discoveries

The initial mine life of 8 years is considered "Base Case", as the Okvau deposit (1.2Moz resource) remains open to the north-east, south-east and at depth, as such further resource growth is anticipated. Expanding the mining inventory provides opportunities to increase mine life and/or potentially increase scale of the operation (ie increase to 2mtpa).

The initial open pit mine design is for a three stage cut-back, with the average strip ratio for the first 5 years of the operation estimated to be less than 4:1 (waste to ore). Drilling is currently underway along the western margins of the Okvau deposit to test up-dip extensions, part of a larger 15,000m program aimed at resource expansion and new discoveries. Surrounding Okvau, the Company has +400km² to explore with highly prospective geology and multiple drill ready targets to be tested.

Improved confidence in our modelling and valuation

Our preliminary sum of parts valuation for RNS has been updated by the release of the Scoping Study. Our model is based on a conceptual 1.5Mtpa project 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 ~95Kozpa.

Our capital estimate remains unchanged at ~US\$150m, which is slightly higher than the scoping estimate for US\$133m. We model first gold production in early 2018, based on the current schedule of PFS release mid-2015, DFS release mid-2016, and then assuming 18 months to complete funding and for construction.

Our modelling suggests that the Okvau project is feasible at the scoping level and it should progress to more-detailed development studies. We derive a valuation of 17cps and price target for the Company of 20cps.

With more-detailed development studies progressing (PFS underway) and with new frontier exploration ongoing we continue to recommend Renaissance as a Speculative Buy. Drilling has already confirmed extensions to Okvau, with potential for more shallow high-grade additions to resources. The drilling program currently underway is expected to provide strong positive news with the potential for new gold discoveries.

30 Oct 2014

Share Price	\$0.078
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\$31.1m

- fully diluted ITM options A\$33.0m

Cash (est) A\$6.0m

Debt A\$0.0m

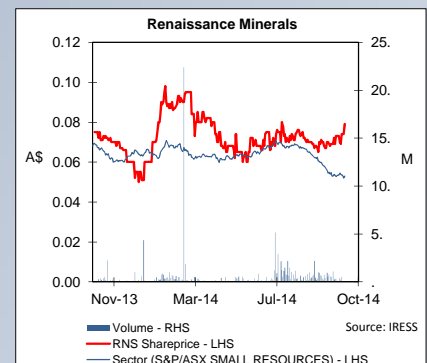
EV A\$25.1m

EV/Resource Au eq oz A\$21/oz

EV/Reserve Au eq oz na

Resources (Moz) 1.20

Reserves (Moz) na



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Hartleys has completed capital raisings in the past 12 months for Renaissance Minerals Limited, for which it has earned fees. An analyst has a beneficial interest in RNS shares.

SUMMARY MODEL

Renaissance Minerals		Share Price				
RNS		\$0.078				
Key Market Information						
Share Price		\$0.078				
Market Capitalisation - ordinary		A\$31m				
Net Debt (cash)		-\$6m				
Market Capitalisation - fully diluted		A\$33m				
EV		A\$27m				
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	-4.7	-4.8	-5.7	-7.8	2.7
Earnings Per Share	A\$ cps	-2.6	-1.7	-1.4	-1.0	2.5
Price to Earnings Ratio	x	-3.0	-4.5	-5.6	-7.6	3.2
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%
Analyst: Mike Millikan		Analyst: Scott Williamson				
+61 8 9268 2805		+61 8 9268 3045				
"tbc capital" could be equity or debt. Our valuation is risk-adjusted for how this may be obtained.						
Sources: IRESS, Company Information, Hartleys Research						
Directors		Company Information				
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		
Resource - Okvau		Moz		LC		
Measured		-		-		
Indicated		15.2		2.30		
Inferred		0.5		5.90		
Total		15.6		2.40		
Mining Inventory - Scoping		11.0		2.30		
Production Summary		Unit		Jun 16		
				Jun 17		
				Jun 18		
				Jun 19		
Mill Throughput		Mt		0.0		
Strip Ratio		x		0.0		
Mined grade		g/t		0.00		
Combined Recovery & Payability		%		0.0%		
Gold		(koz)		0.0		
Gold Equiv		(koz)		0.0		
M&I Non-Reserve Conversion		%		0.0%		
Mine Life		yr		9		
Mining Inventory		Mt		11		
Conversion of M&I		%		72%		
Costs		Unit		Jun 16		
				Jun 17		
				Jun 18		
				Jun 19		
Cost per milled tonne		\$A/t		-		
EBITDA / tonne milled ore		\$A/t		-		
C1: Operating Cash Cost = (a)		\$A/oz		-		
(a) + Royalty = (b)		\$A/oz		-		
C2: (a) + depreciation & amortisation = (c)		\$A/oz		-		
(a) + actual cash for development = (d)		\$A/oz		-		
C3: (c) + Royalty		\$A/oz		-		
(d) + Royalty		\$A/oz		-		
Total Cash Cost		\$A/oz		-		
Price Assumptions		Unit		Jun 16		
				Jun 17		
				Jun 18		
				Jun 19		
AUDUSD		A\$/US\$		0.94		
Gold		US\$/oz		1300		
Hedging		Jun 16		Jun 17		
				Jun 18		
				Jun 19		
Hedges maturing?		No		No		
Sensitivity Analysis		Valuation		0.17		
Base Case		0.17		0.18 (4.6%)		
Spot Prices						
Spot USD/AUD 0.88, Gold \$1213/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		
31-Mar-15		10.78		3.08		
9-May-15		3.00		0.90		
31-Dec-15		3.00		0.93		
28-Feb-16		2.00		0.55		
18-Sep-16		2.43		0.24		
15-Oct-17		3.55		0.36		
Total		24.76		6.05		
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		
Gold explorer/developer with no current producing assets.						
Leveraged to exploration success/improved market sentiment.						
Last Updated: 30/10/2014						

CAMBODIAN GOLD PROJECT

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

Renaissance has 100% direct ownership of the Okvau and O Chhung licences, which have a combined area of 374km². The Cambodian gold assets were acquired from OZ Minerals in early 2012.

Contains the +1.2Moz Okvau gold deposit

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.

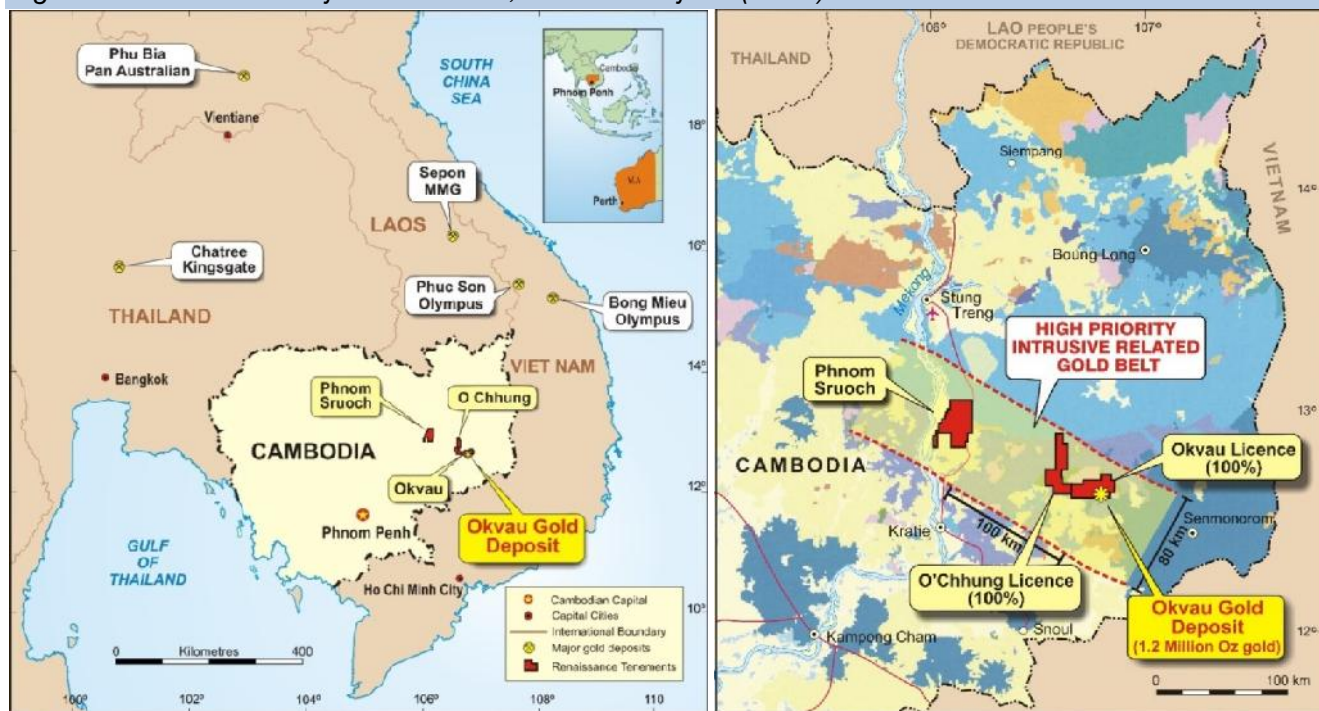
Over 800km² of prospective virgin terrain to explore

Early work completed by OZ Minerals 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.

Renaissance Minerals has released a positive Scoping Study for the potential development of the Okvau Gold. The study, based on the development of a 1.5Mtpa CIL operation producing ~93Kozpa from a single open pit over an initial 8 year mine life, confirms the economic viability of the project.

More detailed development studies will now commence with the Pre-Feasibility Study (PFS) expected to be released in late Q2 CY15.

Fig. 1: Cambodian Project Location; Okvau Project (RHS)



Source: Renaissance Minerals Limited

PEER COMPARATIVES

Selected ASX listed peer companies – Gold Developers.

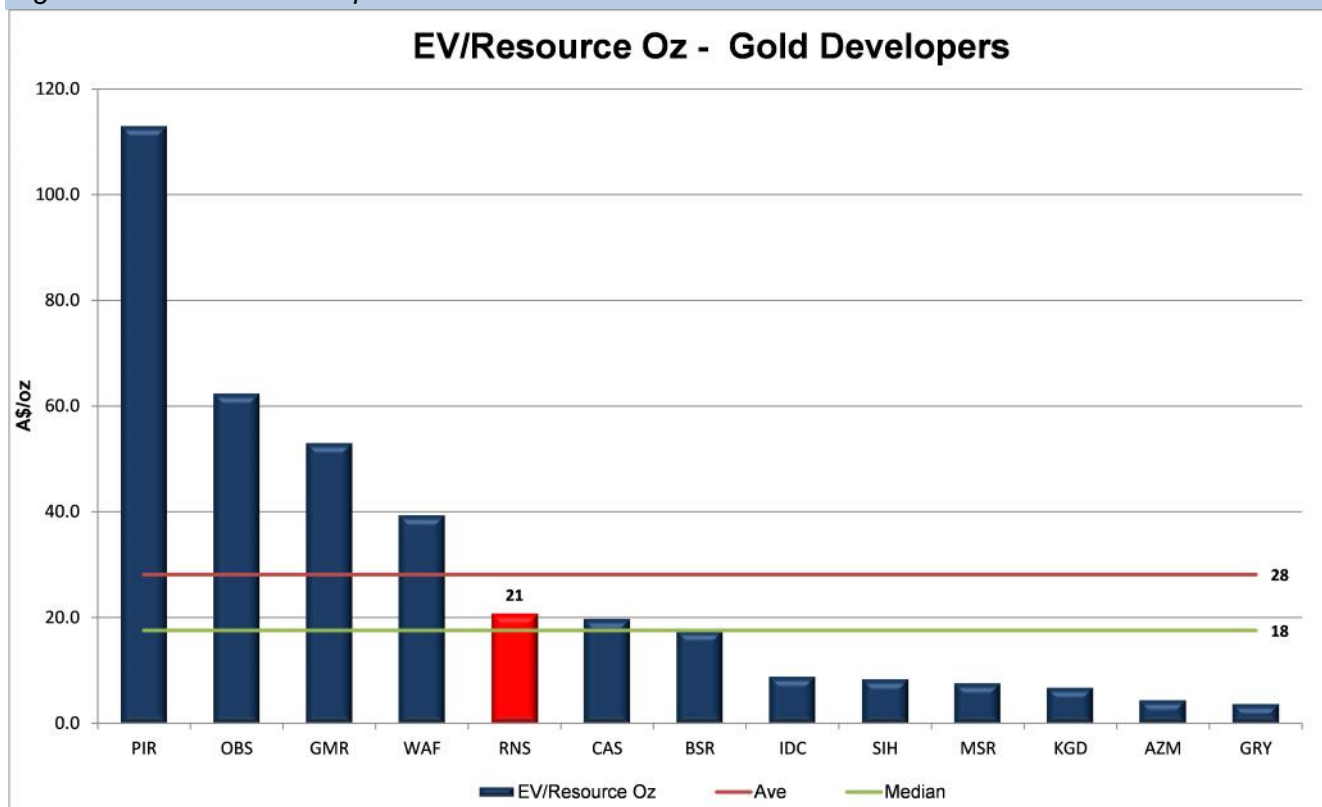
Fig. 2: ASX Peer Comparison – Market Cap, EV, Reserves, Resources, Metrics

Name	Status	Code	EV	Reserves			Resources			Metrics	
				Mt	Au(g/t)	Moz	Mt	Au(g/t)	Moz	EV/Reserve Oz	EV/Resource Oz
Papillon Res Ltd (B2G)	Developer	PIR	582.0	-	-	-	68.3	2.35	5.15	0	113
Orbis Gold Ltd	Developer	OBS	156.1	-	-	-	19.0	4.10	2.50	0	62
Gryphon Minerals Ltd	Developer	GRY	9.9	16.7	1.95	1.05	39.7	2.10	2.71	9	4
Azumah Resources	Developer	AZM	8.7	9.1	2.14	0.62	41.0	1.51	1.99	14	4
West African Resources	Developer	WAF	25.7	-	-	-	70.4	0.30	0.65	0	39
Golden Rim Resources	Developer	GMR	9.8	-	-	-	0.8	6.79	0.19	0	53
Indochine Mining	Developer	IDC	18.6	-	-	-	42.5	1.54	2.11	0	9
Renaissance Minerals	Developer	RNS	24.9	-	-	-	15.6	2.40	1.20	0	21
Manas Resources	Developer	MSR	9.0	2.5	3.40	0.28	17.3	2.20	1.18	32	8
Bassari Resources	Developer	BSR	17.6	-	-	-	11.9	2.60	1.01	0	18
Sihayo Gold	Developer	SIH	11.8	7.1	2.40	0.55	16.9	2.60	1.42	21	8
Kula Gold	Developer	KGD	6.7	10.9	2.20	0.77	12.7	2.40	1.00	9	7
Crusader Gold	Developer	CAS	37.0	42.4	1.18	1.61	50.9	1.14	1.87	23	20

Source: IRESS prices @ close 29 October 2014; Cash at 30 September 2014 or estimated; PIR taken over by B2Gold

Renaissance is currently trading on an EV/Resource oz of ~\$21/oz, which is below the developer peer average of \$28/oz; the Company remains good value.

Fig. 3: ASX Gold Developer Peers – EV/Resource Oz



Source: IRESS, Company Reports, Hartleys Estimates

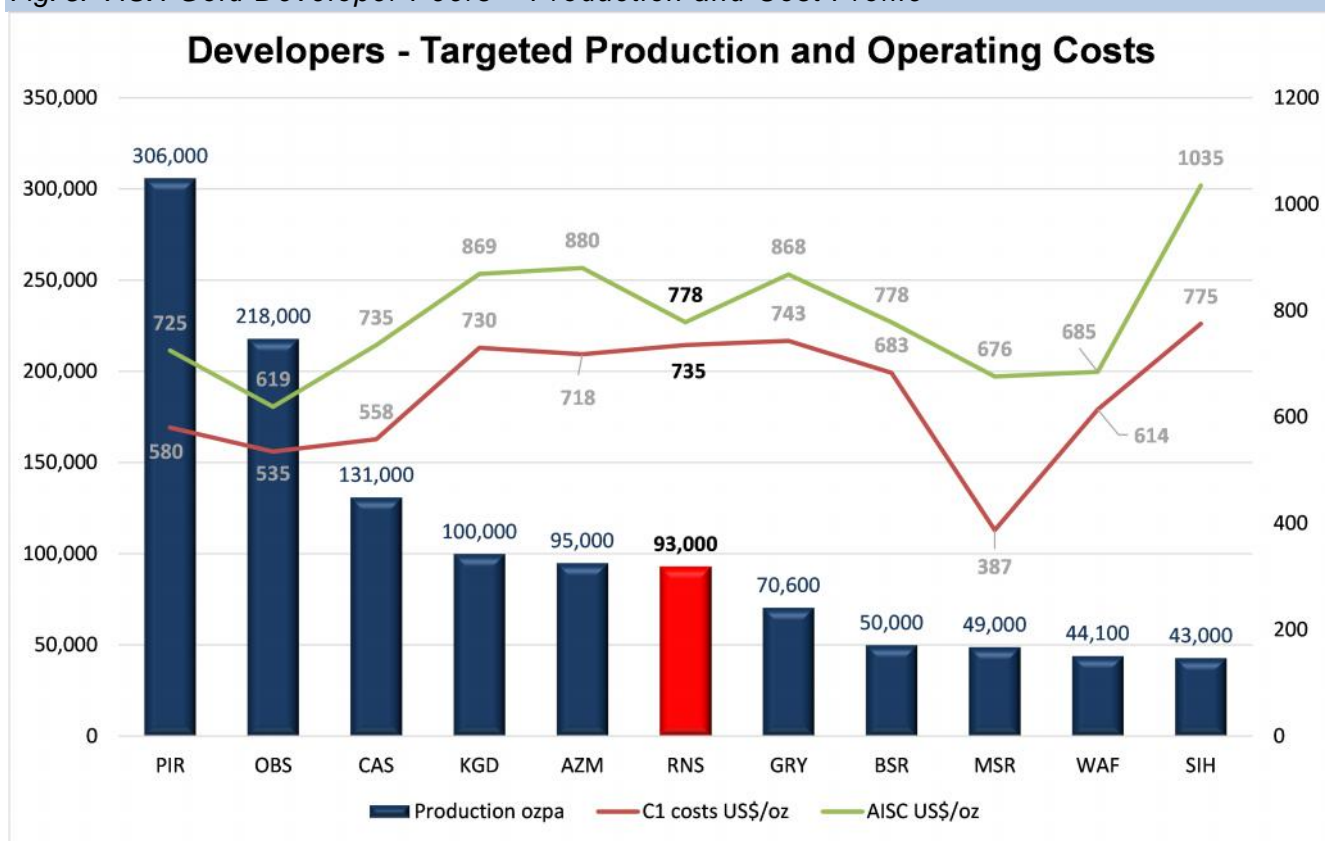
Fig. 4: ASX Gold Developer Peers – Targeted Production Information

Code	Targeted Gold Production																			
	Project	Strip W/O	Gold per t mined	Mt	Au(g/t)	Moz	Prod ave pa Oz	Recoveries	Recovered Grade	Throughput	Mine life	C1 Cash Cost (US\$/t)	C1 Cash Costs (US\$/oz)	AISC (US\$/t)	AISC (US\$/oz)	Capex US\$m	Gold Price US\$/oz	NPV est (post-tax)	Discount Rate %	IRR (post-tax)
ex-PIR	Fekola	3.0	0.73	60.0	2.4	4.6	306,000	91%	2.18	4.0	10.0	44	580	55	725	292	1250	793	5%	37%
OBS	Natougou	11.7	0.30	13.0	3.7	1.5	218,000	94%	3.47	2.0	6.7	60	535	69	619	234	1250	392	5%	36%
GRY	Banfora	3.4	0.35	17.4	1.5	0.8	70,600	79%	1.18	2.0	9.2	13	743	31	868	97	1250	81	5%	22%
AZM	Wa	5.1	0.39	9.5	2.1	0.7	95,000	92%	1.96	1.3	7.0	52	718	64	880	160	1250	0	5%	na
WAF	Mankarga 5	1.1	0.76	8.5	1.0	0.3	44,100	83%	0.84	1.6	5.4	17	614	19	685	44	1250	41	5%	28%
GMR	Balogo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IDC	Mt Kare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RNS	Okvau	5.7	0.35	11.0	2.3	0.8	93,000	87%	2.00	1.5	8.0	47	735	50	778	133	1250	107	5%	25%
MSR	Shambesai	7.6	0.38	2.5	3.4	0.3	49,000	85%	2.88	0.6	4.5	34	387	60	676	41	1250	39	5%	35%
BSR	Makabingui	20.0	0.27	1.0	5.6	0.2	50,000	95%	5.32	0.3	3.4	114	683	130	778	12	1250	38	5%	129%
SIH	Sihayo Pungkut	3.4	0.50	7.8	2.4	0.6	43,000	71%	1.70	0.8	10.0	44	775	59	1035	85	1250	-24	5%	-5%
KGD	Woodlark	9.1	0.21	11.0	2.2	0.8	100,000	88%	1.94	1.8	9.0	41	730	48	869	160	1250	60	5%	9%
CAS	Borborema	4.2	0.32	27.0	1.4	1.2	131,000	96%	1.33	3.0	9.0	24	558	32	735	169	1250	215	5%	24%

Source: Company Reports, Hartleys Estimates

The table above summarises some selected ASX-listed developer peers to Renaissance (RNS). The information provided is from Company Reports with some estimates (ie calculated AISCs and NPVs at the same gold price -US\$1250/oz for comparison, if not provided).

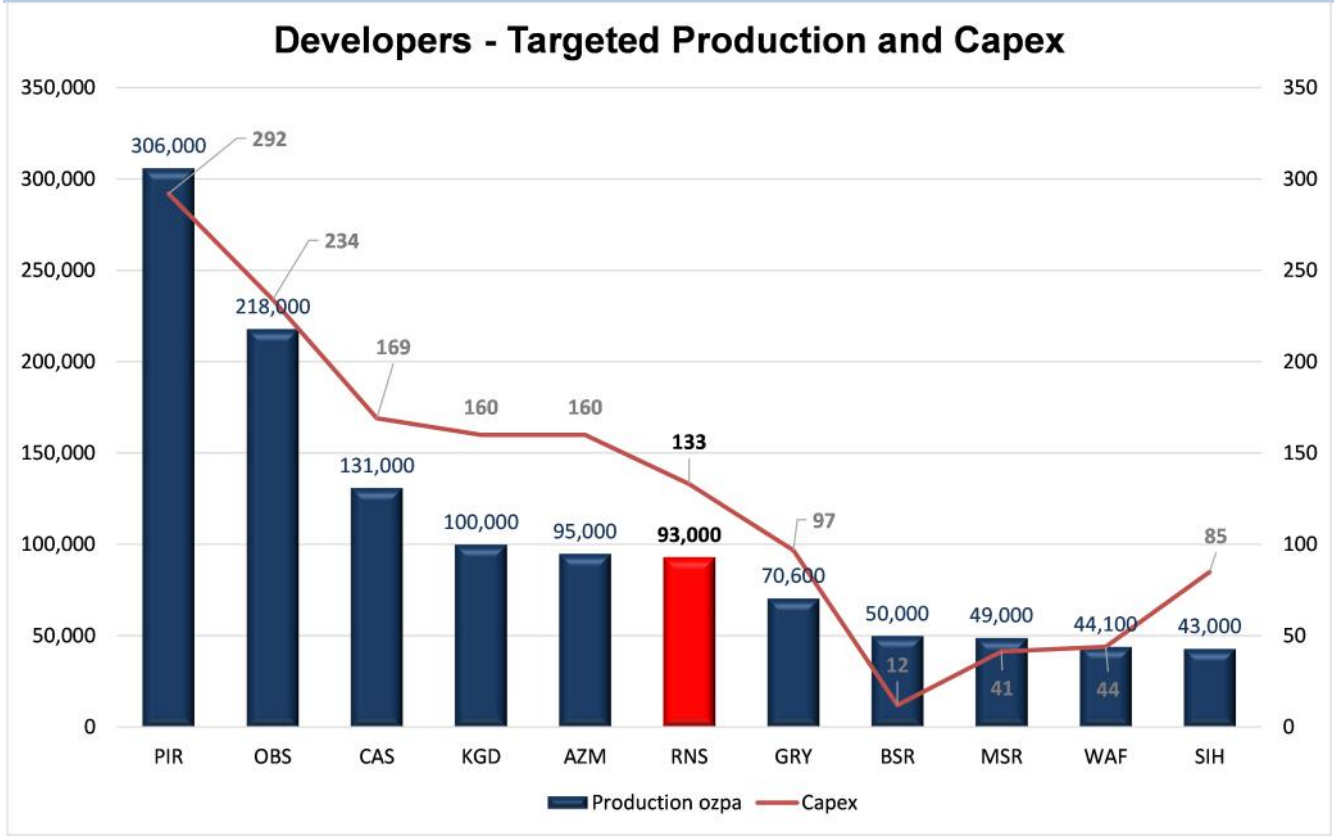
Fig. 5: ASX Gold Developer Peers – Production and Cost Profile



Source: Company Reports, Hartleys Estimates

Okvau production of ~93Kozpa at AISC of <US\$800/oz over an initial 8 years of mine life, provides for strong margins and positions the Company well for ongoing, more-detailed development studies.

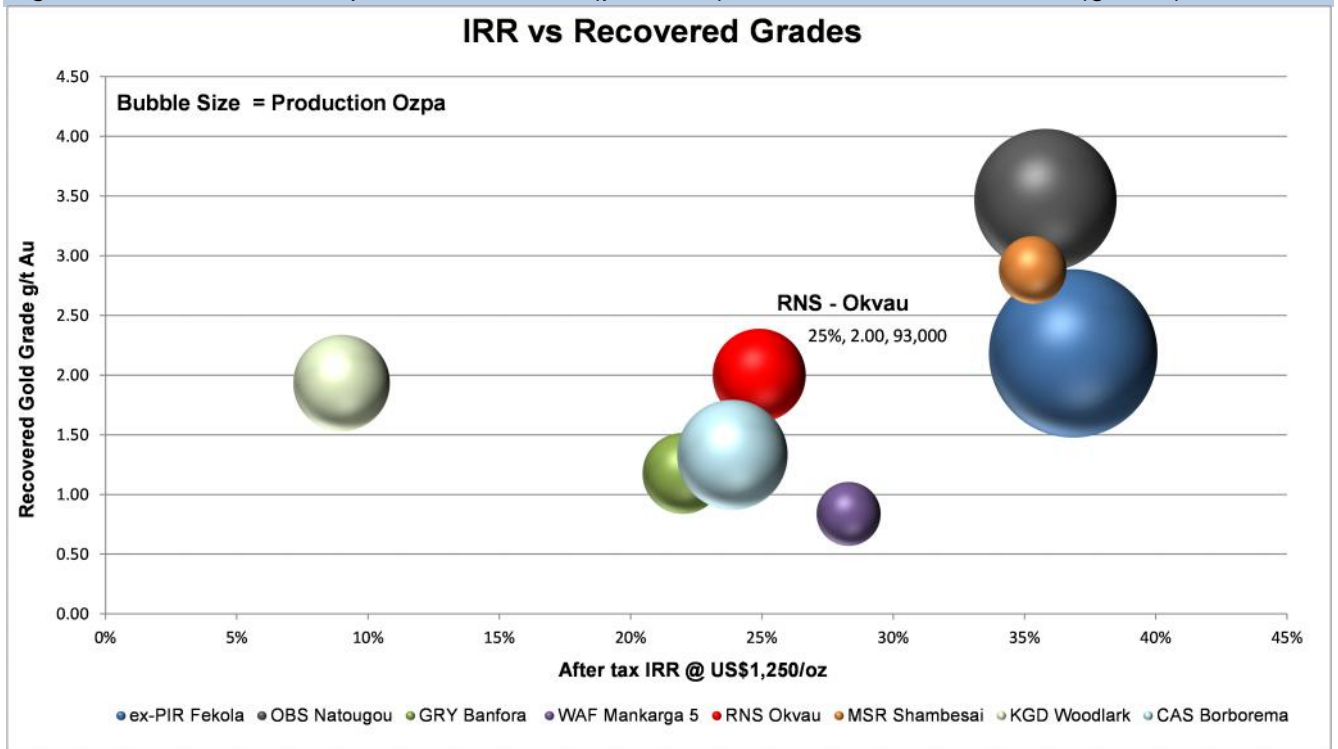
Fig. 6: ASX Gold Developer Peers – Production and Forecast Capex



Source: Company Reports, Hartleys Estimates

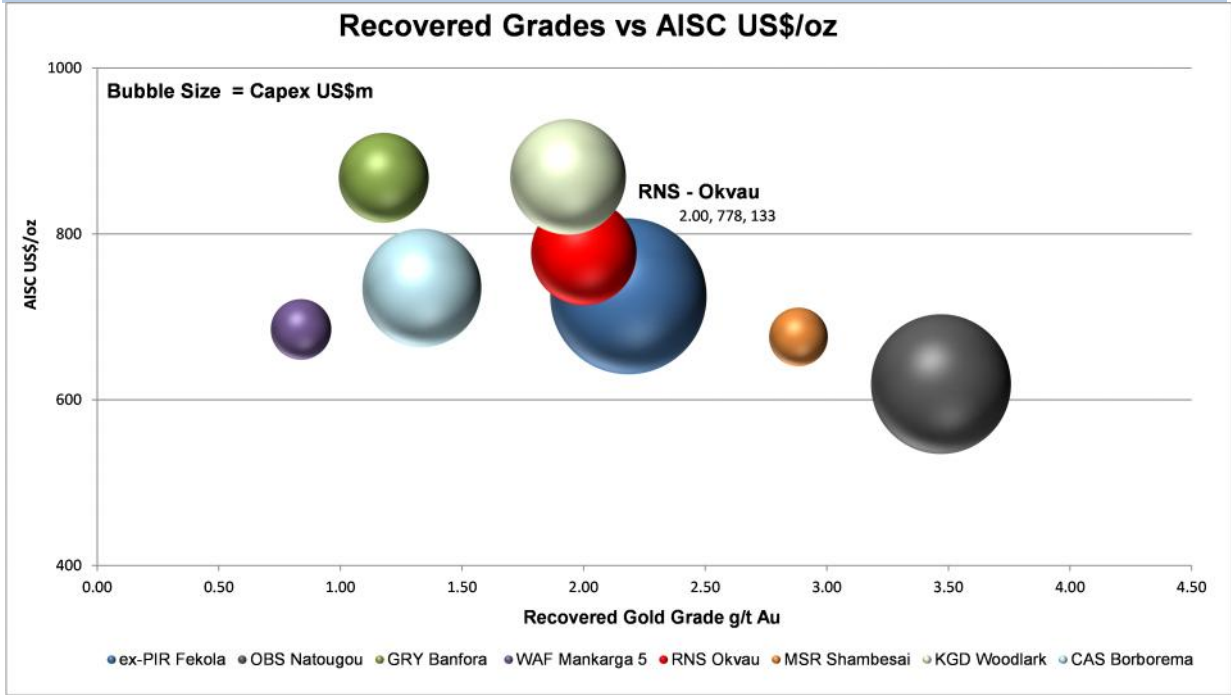
Strong correlation between production scale and capital costs (BSR and SIH are outliers). RNS capex is at the Scoping level, which implies +/- 35% accuracy.

Fig. 7: ASX Gold Developer Peers – IRR (post-tax) and Recovered Grades (g/t Au)



Source: Company Reports, Hartleys Estimates

Fig. 8: ASX Gold Developer Peers – Recovered Grade and AISC US\$/oz

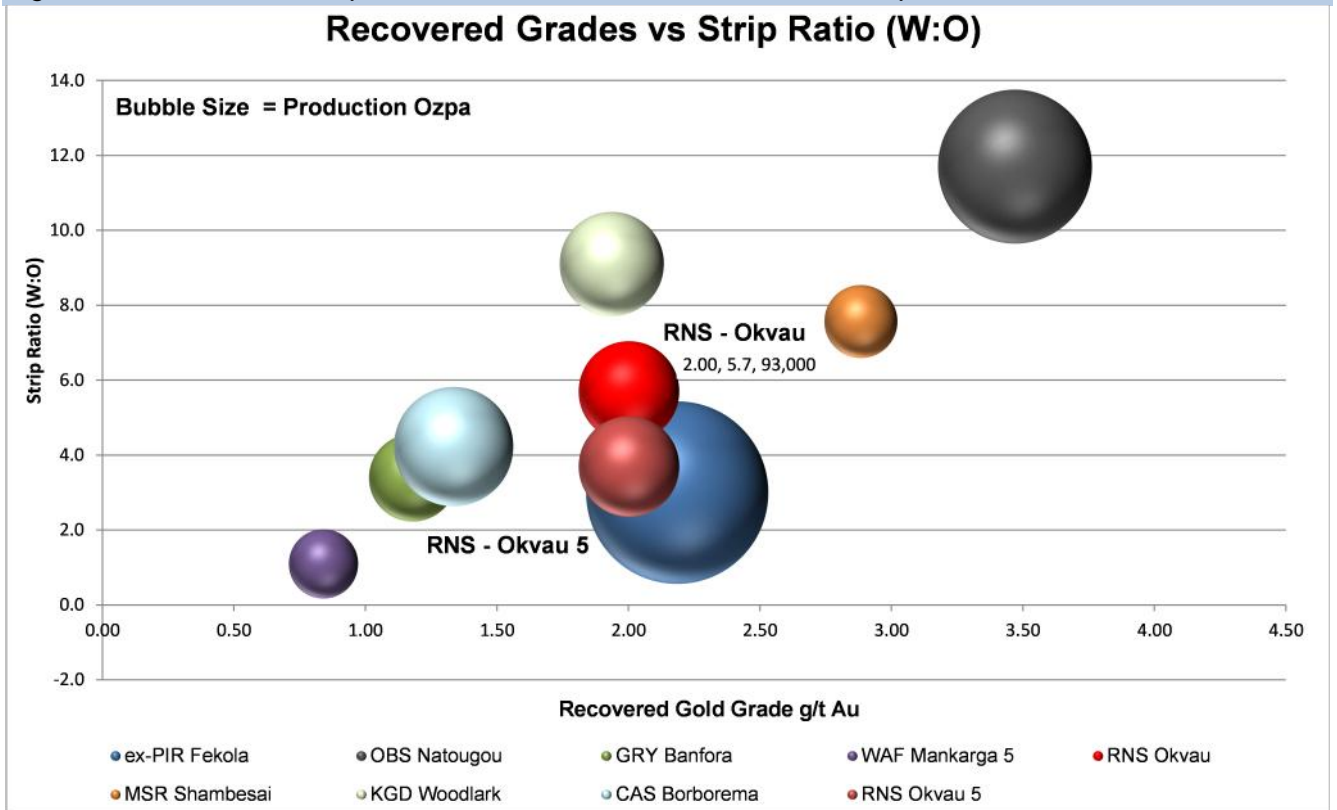


Source: Company Reports, Hartleys Estimates

LOM strip ratio of 5.7:1 (W:O), with the first 5 years providing an improved 3.7:1 strip ratio

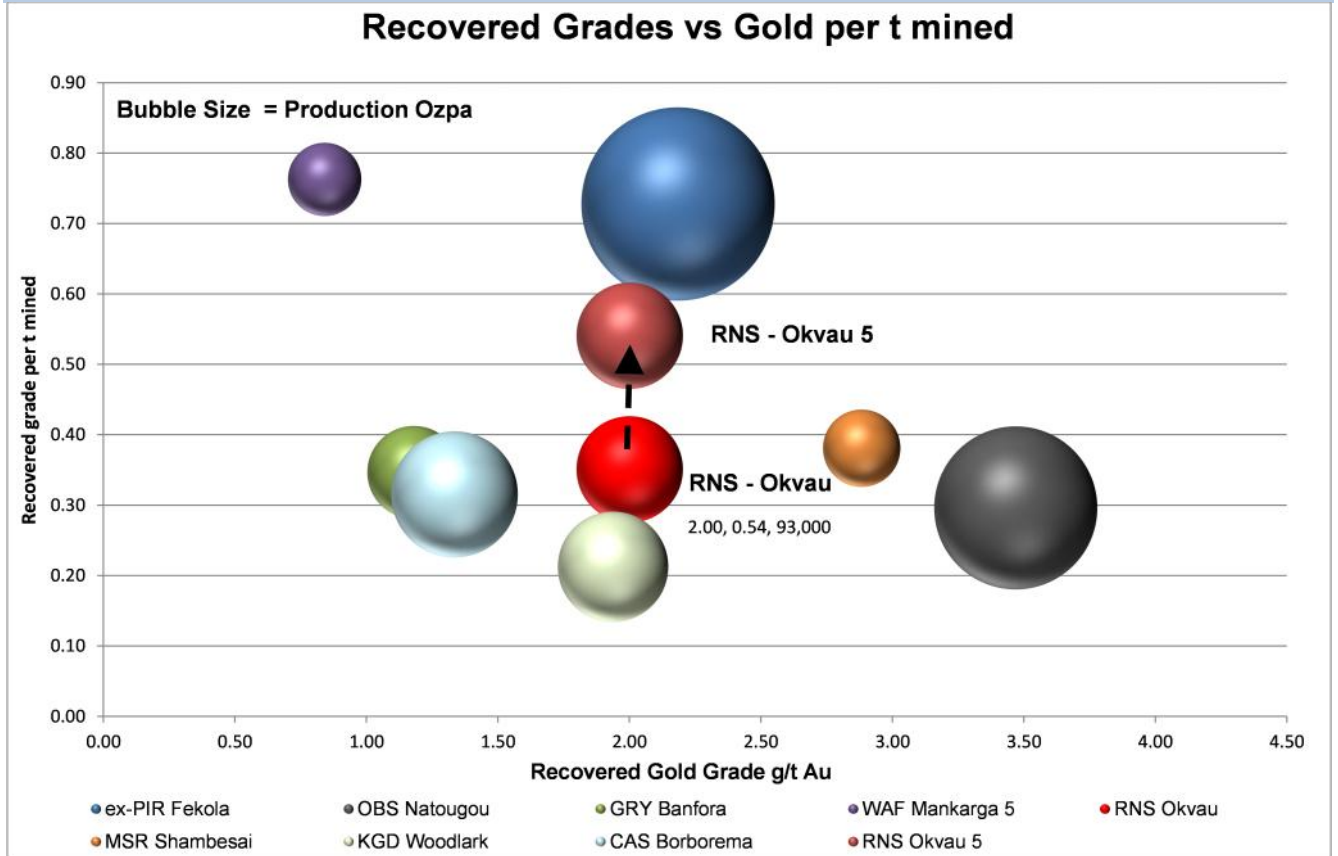
The Okvau gold deposit is hosted in competent rock and has a shallow weathering profile, providing for favourable ground conditions for open pit mining. In addition, gold mineralisation is contained within a single deposit. The potential open pit operation has a current LOM strip ratio (W:O) of 5.7:1, and good mining grade of 2.3g/t Au. As resources are expanded we could potentially see grade improvement as cut-off grades are optimised. In the first 5 years the strip ratio is 3.7:1 (Okvau 5).

Fig. 9: ASX Gold Developer Peers – Recovered Grade and Strip Ratios



Source: Company Reports, Hartleys Estimates; *Note: Okvau 5 is strip ratio for the first 5 years

Fig. 10: ASX Gold Developer Peers – Recovered Grade and Strip Ratios



Source: Company Reports, Hartleys Estimates; *Note: Okvau 5 is strip ratio for the first 5 years

VALUATION

Our preliminary sum of parts valuation for RNS has been updated by the release of the Scoping Study.

Updated model from
the Scoping Study
release

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 ~\$150m, which is slightly higher than the Scoping Study development estimate for US\$133m. The update to our model is best summarised below.

Fig. 11: Scoping Study Comparison to Hartleys Modelling

	Scoping Study	Hartleys Pre-Scoping	Hartleys Model Update
Current Resource	15.6Mt @ 2.4g/t Au for 1.2Moz	15.6Mt @ 2.4g/t Au for 1.2Moz	15.6Mt @ 2.4g/t Au for 1.2Moz
Mineral Inventory	11Mt @ 2.3g/t Au for 794Koz	13Mt @ 2.6g/t Au for 1Moz	11Mt @ 2.3g/t Au for 794Koz
Mining cut-off grade	0.6g/t Au	1g/t Au	0.6g/t Au
Strip Ratio (W:O) -LOM	5.7:1	5.0:1	5.7:1
Strip Ratio (W:O) - 1-5	3.7:1	5.0:1	4.0:1
Throughput	1.5Mtpa	1.2Mtpa	1.5Mtpa
Capex (pre-prod) - US\$m	133	150	150
LOM - yrs	8	9	8
Recoveries - LOM	87%	85%	87%
Gold Oz (recovered)	691,000	765,000	700,000
Gold Production (ave) - oz	93,000	85,000	95,000
Mining - US\$/t (W:O)	4.1	4.0	4.1
Mining - US\$/t	27.5	24.0	27.5
Mining - US\$/oz	421	340	420
Processing - US\$/t	16.7	25.0	17.0
Processing - US\$/oz	266	353	270
G&A - US\$/t	3.1	3.5	3.1
G&A - US\$/oz	48	50	50
C1 Cash Costs - US/t	47.2	52.5	47.6
C1 Cash Costs - US\$/oz - LOM	735	743	740
Royalties - US\$/t	1.9	1.8	2.0
Royalties - US\$/oz	31.3	25.0	25.0
Sustaining capex -US\$/t	0.4	3.3	0.5
Sustaining capex -US\$/oz	5.8	47.1	5.7
Other US\$/t	0.4	1.7	1.7
Other US\$/oz	6.2	29.4	26.3
AISC - US\$/t	49.9	59.3	51.7
AISC - US\$/oz - LOM	778	844	797
Gold Price - US\$/oz	1250		
LOM Revenue	863		
Op cash flows (before royalties)	356		
Royalties, sus capex, refining	30		
NPV (5%) - pre tax	130		
NPV (5%) - post tax	107		
Payback - yrs	2.6		
IRR pre-tax	29%		
IRR post-tax	25%		

Source: Renaissance Minerals Limited, Hartleys Estimates

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 CY15.

We use a discount rate of 12%

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 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. 12: 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.

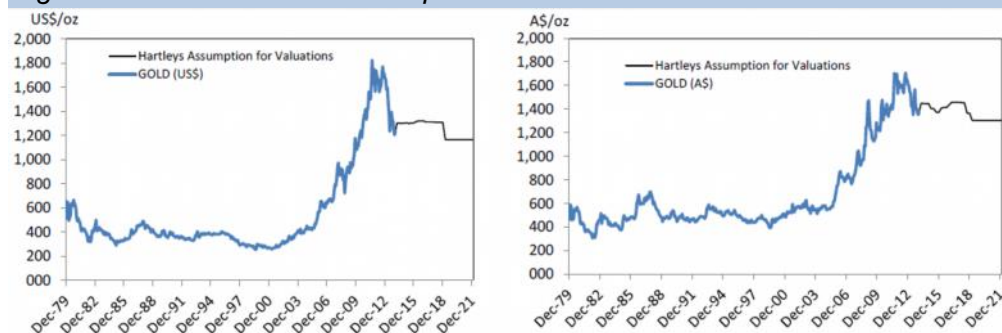
Our 12-month price target for RNS is 20cps (unchanged)

Fig. 13: 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	\$0.02
Risk weighted composite		\$0.16	
12 Months Price Target		\$0.20	
Share price - Last		\$0.078	
12 mth total return (% to 12mth target)		162%	

Source: Hartleys Estimates

Fig. 14: 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. 15:Key Risks

Assumption	Risk of not realising assumption	Downside risk to share price if assumption is incorrect	Comment
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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Buy	Share price appreciation anticipated.
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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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