



ASX Announcement

28 November 2014

MANAGING DIRECTOR'S ADDRESS

RNI NL (ASX: **RNI**) advises that the Managing Director's Address attached to this announcement will be presented to shareholders at today's Annual General Meeting, to be held at 11.00am WST at the Subiaco Arts Centre, 180 Hamersley Road, Subiaco.

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Managing Director's Address

Good morning ladies and gentlemen and welcome to the 2014 RNI Annual General Meeting. Thank you for the opportunity to share with you the highs and lows in what has been a tough year for gold and exploration companies, along with our plans for what we hope will be a transformational year ahead.

Today I will touch on the significant progress we are making with the Grosvenor Gold Project, as well as the advancements made in our efforts to make new copper and gold discoveries.

Grosvenor Gold Project

In February this year we announced a detailed financial model for the Grosvenor Gold Project which was prepared using pit designs completed in 2013 and based on an Australian dollar gold price of \$1485/oz.

We took this approach to maximise both the mine life and gold production at what was the prevailing gold price. Unfortunately, what followed was a sustained drop in the gold price, which affected all in the gold industry. For RNI, the falling gold price worked against the mine plan we had developed to maximize ounces.

At that point we had to pause the project financing process we were progressing to reconsider the best approach to developing and operating the Grosvenor Gold Project in a lower gold price environment. We pulled apart the mine plan and re-built the schedule to allow the higher margin ounces to come to the fore and then looked to extend that mine life with the lower margin ounces, all still within the stated gold reserve. We also pushed back expansionary capital to free up cash to pay down any project finance facility.

What emerged from this process were more robust scenarios which we presented to the market in September. These scenarios have since been developed into detailed financial models and have been used as the basis for our current financing negotiations, which brings me to our current state.

As we informed the market this week, we are currently in negotiations with various potential project financiers to establish the best fit for RNI and the Grosvenor Gold Project. Under our current schedule, we plan to conclude any arrangement to enable the existing corporate debt of approximately \$16.7 million to be dealt with on its due date in February 2015.

As you may be aware, the significant amount of development and permitting work we have already completed means the Grosvenor Gold Project can be in production within approximately nine months of project financing being secured.



Managing Director's Address

This outcome will put RNI firmly on the path to becoming a profitable gold miner, generating sustainable cash flows which will also allow us to further our exciting copper and gold exploration programs.

Exploration – Copper

On the exploration front, our geological team has had some major successes during the year in tracking down the copper deposits which we have no doubt sit awaiting discovery within our expansive 1,866 km² Bryah Basin tenement holding.

The Forrest copper/gold discovery was a fantastic start. Forrest is shaping up as one of the best copper discoveries in the Bryah Basin since DeGrussa. Since the initial discovery hole at Forrest, we've followed the path down and the copper mineralisation remains open at depth. What we need to do now is get ourselves in a position to drill the deeper holes that Forrest is calling for.

A bonus upside from our work at Forrest has been the gold-rich surface cap which sits above the copper mineralisation. The gold-rich cap at Forrest will be the target of a proposed resource infill drilling program which, if successful, will not only add to our gold inventory for the nearby Grosvenor treatment plant, but will also provide a potential leg up for any copper development at Forrest through a reduction in the pre-strip and development costs.

Beyond Forrest, our exploration geologists have been systematically reviewing existing data and developing new information from low cost, high-value activities across our tenements. This has already generated a strong pipeline of exciting targets within the Doolgunna, Morck's Well, Beatty Park and Cashmans Projects. We look forward to drilling these targets when funding permits.

Exploration – Gold

Whilst I have already touched on the Forrest gold cap, our exploration team has also been working to further extend the mine life for the Grosvenor Gold Project through brownfields exploration. Using existing data and limited drilling, we have defined more than a dozen robust gold targets which are based on known drill intercepts alone. These are targets which require either further drilling to develop a gold resource, or exploratory drilling to better delineate existing drill hits. In addition to these targets, we also have the more traditional earlier-stage exploration targets generated from geochemical data and structural geology.

I have no doubt that once the Grosvenor Gold Project is up and running, we will successfully extend the mine life through near-mine exploration success within our tenements.



Managing Director's Address

Challenges and Opportunities

Notwithstanding my comments on the Grosvenor Gold Project and copper discoveries, RNI faces some short-term challenges to achieve its goals. Our first and most immediate challenge is to close out the existing debt facility and secure the project finance required to develop the Grosvenor Gold Project.

There are also more subtle challenges in applying our limited resources to what is, by anyone's definition, a target-rich environment. We have two separate plays in the Bryah Basin with the gold project and our copper-gold exploration activities. The more work we do, the more we enhance the upside for both.

Challenges also create opportunities.

And part of my strategy as Managing Director over the next few months is not only to close out the obvious challenges around the debt and project financing, but to also provide our exploration team with the opportunity to fully exploit our copper targets. Given this opportunity, I truly believe it is only a matter of time before we unearth the next major copper deposit in the Bryah Basin. Our first step will be to drill the new target we have generated at Doolgunna, just a few kilometers from DeGrussa. Beyond that, I expect to put an exploration program together for 2015 which, while flexible enough to pursue new avenues as information develops, will also be rigorous, disciplined and programmed so RNI lives within its means as we look to develop the Grosvenor Gold Project.

As I said in my opening, 2015 looms as a transformational year for RNI and I for one look forward to it with much excitement and anticipation.

I thank you for your time today and hand the meeting back to Miles.