

Equities



CANADA



RPM CN Outperform

Price (at 19:59, 14 Oct 2016 GMT) C\$0.26

Valuation	C\$	0.84
- DCF (beta 1.2, ERP 7.0%, RFR 1.0%)		
12-month target	C\$	0.65
12-month TSR	%	+150.0
Volatility Index		Very High
GICS sector		Materials
Market cap	C\$m	101
Market cap	US\$m	77
30-day avg turnover	C\$m	0.2
Number shares on issue	m	387.3

Investment fundamentals

Year end 31 Dec		2015A	2016E	2017E	2018E
Revenue	m	6.1	16.7	152.6	147.1
EBITDA	m	0.0	-2.2	61.3	49.4
Recurring profit	m	0.3	-3.2	21.8	13.2
Reported profit	m	0.3	-1.6	16.1	9.8
Gross cashflow	m	0.2	-0.9	47.1	40.5
CFPS	C\$	0.00	0.00	0.12	0.10
CFPS growth	%	nfm	nfm	nfm	-14.0
PGCFPS	x	212.6	nfm	2.1	2.5
EPS rec	C\$	0.00	-0.01	0.06	0.03
EPS rec growth	%	nfm	nfm	nfm	-39.6
PER rec	x	130.3	nfm	4.6	7.7
Total DPS	C\$	0.00	0.00	0.00	0.00
Total div yield	%	0.0	0.0	0.0	0.0
ROA	%	2.0	-5.9	26.3	15.0
ROE	%	2.3	-9.2	33.6	16.9
EV/EBITDA	x	-1486.7	-44.8	1.6	2.0
Net debt/equity	%	-28.4	-1.2	-12.6	-56.2
P/BV	x	3.0	1.8	1.4	1.2

Source: FactSet, Macquarie Research, October 2016
(all figures in CAD unless noted)

Analyst(s)

Michael Gray

+1 604 639 6372

michael.gray@macquarie.com

David Medilek, CFA

+1 604 639 6378

david.medilek@macquarie.com

17 October 2016

Macquarie Capital Markets Canada Ltd.

Rye Patch Gold Corp.

New Nevada Gold Producer

- We are initiating coverage of Rye Patch Gold (RPM CN) with an Outperform recommendation and a C\$0.65 target. Rye Patch is transforming from an explorer/royaltyco to a junior 70kozpaAu producer on the back of its July 2016 acquisition of the Florida Canyon mine ("FCM") heap leach oxide gold asset, Nevada, USA.

De-risked yet trading at an attractive Explorer Valuation

- **Rapid path for a significant re-rating & strong gold price leverage.** We think the FCM restart offers investors a key opportunity for high returns given the stock is trading at ~70% discount to junior producer peers. RPM trades at a 0.31x NAV (spot: 0.35x) & 1.7x 2017E CF (spot: 1.9x) despite Au production <3 months away (late 2016) & being located in the safe jurisdiction of Nevada. RPM has strong leverage to gold prices with ~C\$0.10 NAVPS for every \$100/ozAu.
- **Low execution risk – Florida Canyon has a 26-year production history.** FCM is a simple heap leach, open pit oxide gold mine that has steadily & quietly produced +2moz during 1986-2010 at a run-rate of ~80-180kozAupa. We see the mining restart, involving construction of a new leach pad, as relatively low technical risk. We model a low capex of \$27m with commercial production in 1Q17 and a nine-year operating life producing ~70kozAupa at \$889/oz AISC for an NPV of ~\$140m & ~95% after tax IRR.

Management will leverage the district upside

- **Consolidation of the Oreana gold-silver Trend = opportunity.** RPM has consolidated a large 180sq km land position in the emerging Oreana Trend (+3mozAu & 110mozAg past production). We believe management's extensive operating experience at Florida Canyon and senior mining company experience discovering and putting gold mines into production in Nevada will be key in assessing opportunities in the Oreana Trend including: i) Lincoln Hill development could push RPM to +100kozpa – potential for an additional ~23kozAuEqpa for 6 years, we estimate a ~\$31m NPV and ~45% after tax IRR; ii) potential production from the Wilco deposit (0.8mozAuEq attributable), and; iii) potential to document large sulphide deposits in the belt.
- **Development assets are essentially 'free upside'.** Even with a Florida Canyon-only valuation, RPM trades at 0.45x NAV, a ~60% discount to junior producer peers. This implies to us that the C\$0.27 of other mineral assets' NAV is 'free upside'. We highlight there are also other opportunities we ascribe zero value to in our model such as the Florida Canyon sulphide potential.

Catalyst-rich over the next 12 months

- Key catalysts that could drive the RPM share price include:
 - ⇒ Florida Canyon – initial pre-commercial production (late 2016)
 - ⇒ Florida Canyon – full production & re-rating (1Q17)
 - ⇒ Near mine exploration/expansion oxide results (2017)
 - ⇒ Sulphide exploration results (2H17)

Please refer to page 35 for important disclosures and analyst certification, or on our website

www.macquarie.com/research/disclosures.

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Company profile

- Rye Patch Gold Corp (RPM) is a new, emerging junior precious metals producer with ~70kozpaAu near-term Nevada-based gold production and is headquartered in Vancouver, Canada. RPM's flagship asset is its Florida Canyon Mine (FCM) located in north-central Nevada, USA and targeting full production in 1Q17.
- RPM has further growth via development assets including the Lincoln Hill project, ~35km south of Florida Canyon and has additional expansion opportunities at Florida Canyon to potentially support production to 120-140kozAupa by 2020. RPM also holds a sizeable 180sq km land package along the Oreana gold-silver Trend to explore.
- As of July 28/16 (closing of the Florida Canyon Mine acquisition and funding package), RPM had ~\$49m in liquidity (~US\$22m cash and US\$27m debt facility). Rye Patch Gold has a capital structure of 389m shares issued and outstanding & 431m shares on a fully diluted basis (plus 15m warrants at \$0.50 strike to seller Admiral within 60 days of commercial production – expected to be triggered in 1Q17). The stock trades in Canada on the TSX under the ticker RPM CN.

Fig 1 RPM CN vs TSX, & rec history



Note: Recommendation timeline - if not a continuous line, then there was no Macquarie coverage at the time or there was an embargo period.

Source: FactSet, Macquarie Research, October 2016

(all figures in CAD unless noted)

Investment Case

Rye Patch Gold (RPM CN) is an emerging +70kozpaAu junior precious metals producer with a 100% interest in the Florida Canyon mine and a large 180sq km land position in the Oreana gold-silver Trend, Nevada, USA (+3mozAu & +110mozAg past production). The company is fully-financed to restart a heap leach operation at Florida Canyon and has a management team with deep Nevada experience in both operations and exploration. **We are initiating coverage with an Outperform rating and a C\$0.65 target over the next 12 months.**

“New” Nevada producer – largely consolidates the Oreana Trend

It is not common for an exploration company to transition to a production company. RPM had been a Nevada-focused explorer the past ~10 years (up until 2016), as leveraged by a management team with extensive advanced exploration & mine site Nevada experience (mainly with Placer Dome). In acquiring the Florida Canyon mine (FCM) the company has secured a production asset with a solid operating team that will be a good fit with the large 180sq km RPM consolidated land position in the Oreana Trend and with management's exploration know-how.

Florida Canyon is a ‘Win-Win’ Deal

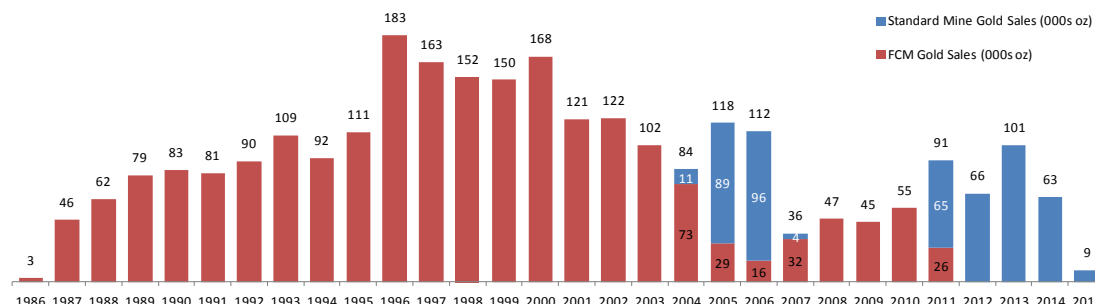
The seller, Admiral Financial Group (receiver from Japan), will benefit from the FCM asset being operated by the competent and experienced Nevada operators in RPM. Admiral will have exposure to successful execution of the restart at FCM and exposure to the large 180sq km Oreana Trend land package via RPM equity (20m common shares plus 15m warrants with a \$0.50 strike price to be granted within 60 days upon commercial production) and a \$5m contingent payment (RPM's choice of cash or \$2.5m equity & \$2.5m 5yr debt, within 60 days upon commercial production). See Appendix C for key deal terms.

RPM acquires a near-production, relatively de-risked mine that they can rapidly create shareholder value via mine execution and near-mine exploration, in addition to potential synergies with other proximal projects within its Oreana Trend portfolio.

Long 26 year production history of +2moz = confidence in restart execution

As shown in Fig 2, the Florida Canyon mine has a long operating history with a series of owners and at a range of gold prices. The mine has been a simple open pit heap leach operation, predominantly two stage crushing, with some run of mine processing employed. Run-rate production has typically ranged from ~80kozpa to ~180kozpa over its 26 year history. Production declined from 2005 onwards as the operation shifted towards the Standard Mine (located ~8km to the south, blue bars in Figure 2). Florida Canyon's heap leach kinetics & recoveries are well known and there is a reasonable geological model – see Appendix B Fig 26 for historical production and recoveries. RPM's restart of the mine is relatively low technical risk in our view as it effectively involves the construction of a new heap leach pad (well in progress).

Fig 2 Extensive 26 year production history of Florida Canyon & Standard = +2mozAu



Source: Company reports, Macquarie Research, October 2016

Site visit to Florida Canyon – we focused on the opex and capex

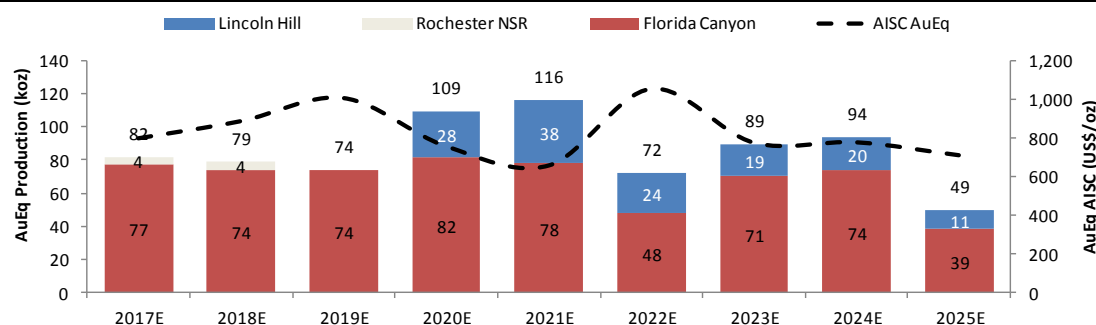
The key points we took away from our Apr/16 site visit from an operations perspective were:

- **Downhill loaded truck haul = low wear & tear and efficient mining cycles** – the first two years of the RPM mine plan involve low-stress on the truck fleet as the trucks will be loaded for a downhill route to the new leach pad. After this, there will be a requirement to invest more capital in the mobile fleet. Downhill loaded truck hauling, also means faster haulage cycles as trucks are able to travel faster. These factors drive down operating costs and capital requirements.
- **Culture of ‘acting like an owner’** – Florida Canyon has operated under tight budgets for a number of years, encouraging a culture of ‘acting like an owner’ to save money where ever possible. We observed examples of the team being creative to establish lower cost, in-house solutions to save time & money. We think the ‘acting like an owner’ culture that RPM is inheriting is a big asset.
- **Low maintenance equipment costs** – Proactive maintenance and operatorship programs has allowed mining costs to stay low at ~\$1.50/ton. FCM has been a leader on certain aspects of maintenance including preventative maintenance via fluid analysis. Operatorship programs, whereby operators are able to multi-task performing down and upstream roles, have also had a positive impact on preventing breakdowns in addition to reducing wear and tear. Maintenance will be a focus going forward given the aging fleet.

Potential to become a +100kozpa producer by 2020

RPM has the potential to bring development project Lincoln Hill into production for a low <\$30m capital cost (pending a revised PEA) as a second oxide heap leach production asset. Lincoln Hill is located ~35km south of the FCM, therefore, could share some infrastructure and mine site G&A as an oxide heap leach mine – these synergies are upside we do not include in our model. The PEA study at \$1350/oz gold and \$22/oz silver suggested a 5 year mine life (7 year pad life), producing ~22kozpaAu / ~440kozpaAg with a \$41m after tax NPV & 53% IRR. Our modelled FCM/Lincoln Hill production profile for 2016 to 2025 is in Fig 3.

Fig 3 RPM 2017 to 2025 Production Profile (Macquarie model)

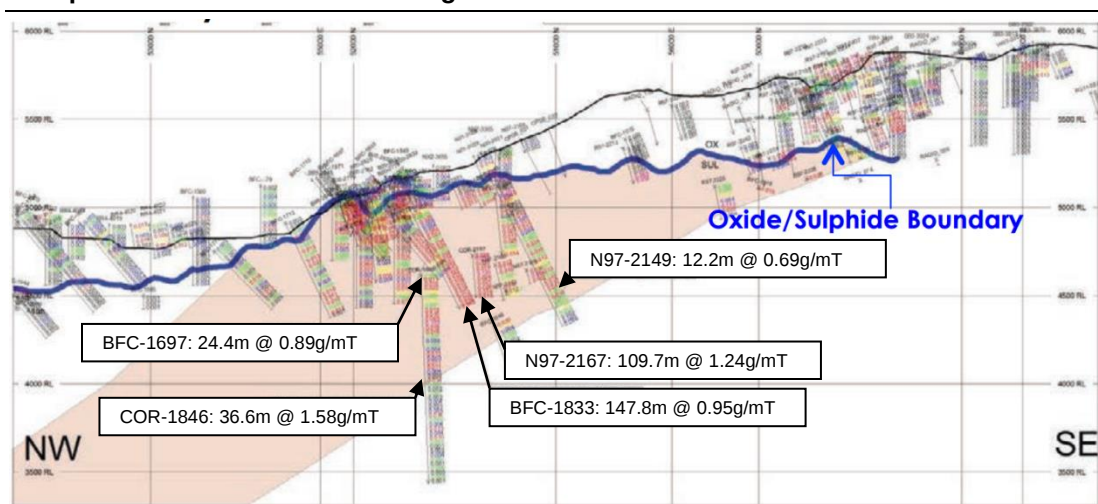


Source: Company reports, Macquarie Research, October 2016

Exploration upside in the Oreana Trend, initial near-mine focus

We like the basic exploration upside at Florida Canyon to modestly extend reserve life via near-mine infill & step-out drilling. We also highlight exploration targets within the FCM – Standard corridor, including the Star prospect that could result in additional oxide gold discoveries. Particularly intriguing is the Wilco prospect with a 2.1mozAuEq (100% basis) or 0.8mozAuEq if Newmont (NEM US, Not Rated) earns-in for a 60% interest. The Wilco property has a number of geological features similar to the FCM and is underexplored. Medium term, we think that any progress establishing the resource upside and metallurgical character of the gold-bearing sulphides below the FCM could draw market and large producer attention (Fig 4).

Fig 4 Florida Canyon Cross Section (looking NE) – We highlight the relatively underexplored sulphide potential highlighted in the red body dipping to the NW (below the oxide/sulphide boundary – blue line), where historical drilling has encountered multiple +100m intersections at +1g/tAu.



Source: Company reports, Macquarie Research, October 2016

Financial and capital structure picture, some hedging involved

Rye Patch, as of July 28/16 (the closing of the FCM acquisition and the funding package), had a strong balance sheet to restart the FCM mine with ~US\$22m in cash and US\$27m in liquidity from a Macquarie debt facility. We also estimate Rye Patch will generate ~US\$5-6mpa FCF from its Rochester 3.4% NSR (expected to terminate in late 2018). As part of the debt facility, RPM will be required to hedge 150kozAu over a four year period.

Rye Patch Gold has a capital structure of 389m shares issued and outstanding & 431m shares on a fully diluted basis (plus 15m warrants at \$0.50 strike to seller Admiral within 60 days of commercial production – expected to be triggered in 1Q17).

Risks and sensitivities

In our view, Rye Patch Gold is exposed to the following risks and sensitivities.

- **Technical execution risk** – the construction of the new leach pad prior to the rainy season is the number one risk for the FCM (capacity for +1 year of production is already largely in place). Heap leach kinetics are well established, however, will need to be closely monitored. If sulphide resources are documented, they could lie near the water table in a geothermal area that could be challenging to mine.
- **Nevada permitting** – RPM will need to navigate ongoing permitting requirements to build additional heap leach pads. This could involve Sage Grouse-related issues. This is mitigated by the extensive mining track record at the FCM.
- **Commodity price sensitivity** – RPM is very sensitive to downward pressure on the price of gold. A \$100/oz change in the gold price has a ~C\$0.10 impact to NAVPS.
- **Cost inflation** – Given the cyclical nature of mining, there is the risk of industry cost inflationary forces emerging (labour & fuel). The mobile fleet also has many pieces of equipment past their projected lives, which may drive higher maintenance costs.

Key Catalysts – Full production at Florida to deliver a re-rate

The transition from construction (leach pad) to full production in late 1Q17 is the single biggest catalyst for RPM in our view. Along the way there will be a number of milestones including: i) first gold pour (4Q16); ii) revised resource and reserve estimate (1Q17); iii) commercial production (1Q17); and, iv) exploration drilling - oxides (2H17). See Fig 15 for a breakdown of the catalysts in more detail.

Valuation is attractive for a re-rating on production

Our sum-of-parts NAV5% valuation is \$245m / C\$327m or C\$0.84 NAVPS. We see a producer re-rating gap to be closed with RPM trading at 0.31x P/NAV, a ~70% discount to its junior producer peer group and 1.7x P/CFPS 2017E, a ~70% discount to its peer group. At spot, RPM trades at 0.35x P/NAV and 1.9x P/CFPS 2017E. Given the strong management, near-term production, and relatively de-risked development timeline (production restart) we expect the shares to re-rate to our target multiples of 0.9x P/NAV and 5.0x P/CFPS. We blend our RPM NAV and P/CFPS valuation at these multiples to derive our C\$0.65 target.

Upside we include in our model:

- FCM silver production included (at 1:1 Au:Ag recovered metal ratio for C\$0.02 NAVPS)
- Lincoln Hill production starting in 2020 (C\$0.12 NAVPS)

Upside we do not include in our model:

- Potential for steeper pit angle than assumed based on historical mining
- Operating costs based on \$2.50/gal fuel vs. ~\$1.75/gal fuel currently.
- Additional oxide mine life at FCM via resource to reserve conversion and expansion
- FCM sulphide resource potential/optionality
- Additional oxide mine life at Lincoln Hill via resource conversion and expansion
- Wilco production
- Monetization of the Garden Gate Pass asset
- Production expansion at FCM

Valuation & Recommendation

Methodology

We value Rye Patch Gold using a sum-of-parts NAV approach, mainly using a DCF5% methodology for the Florida Canyon mine and the Lincoln Hill development asset. We use a comparable analysis approach for the exploration and development assets. Our methods and assumptions are provided in Figs 5-8 & Figs 26-27 and our latest Macquarie price deck [\[LINK\]](#).

DCF analysis

- **Florida Canyon Mine** – Our DCF5% model for the two-stage crush, open pit heap leach operation is provided in Fig 27, Appendix D. We value the FCM at NPV5% of ~\$140m (discount as at end of 3Q) and IRR of ~95%, based on an eight year mine life / nine year pad life, producing ~70kozAu/a at an average AISC of \$889/oz. This analysis is predominantly based on our Apr/16 site visit and the Jun/16 technical report. We also incorporate best efforts hedging assumptions of 150koz at \$1275/oz spread over four years. In Fig 5, our key base case assumptions include:

Fig 5 Florida Canyon mine – LOM Model assumptions & parameters for base case (all parameters presented in metric)

Location	Perishing County, Nevada, USA
Ownership	100% Rye Patch Gold Inc.
Current Resources (Jun/16 NI-43-101)	Florida M&I: 84.2mt @ 0.42g/tAu (oxide) Florida Inferred: 7.5mt @ 1.65g/tAu (almost all sulphide)
Status	Construction of leach pad; Initial Production in late 4Q16; Commercial Production in 1Q17
Model basis	Technical reports, presentations, MD&A, and Apr/16 site visit with Macquarie adjustments to parameters where applicable.
Ultimate res. Modelled	63.8mt @ 0.46g/tAu
Mine Life	8 year mine life / 9 year pad life
Mining	Conventional open pit, truck & shovel mine
Processing:	2 stage crush with agglomeration heap leach
Material movement rate	~48,200tpd (ore & waste)
Ore processing rate	~19,600tpd
LOM Avg. Stripping Ratio	~1.5
Ore processed grade	0.46g/tAu
Metallurgical recovery	71%Au
Annual production (LOM)	~70kozAu
Average OP mining cost / t:	\$1.65/t (ore); \$1.49/t to \$1.75/t (waste)
Processing cost / t:	\$3.30/t +\$0.55/t (reclaimed from stockpiles)
G&A / t:	\$0.55/t
All-in sustaining cost (US\$):	\$889/ozAu
Royalties:	5.75% NSR Average
Taxes:	35% and 5% Nevada Government Net Proceeds Tax
Capex (US\$):	Initial capex of \$27m, sustaining at \$30m and \$6m of post mining closure costs not covered by bonding
Long-term metal price:	\$1250/ozAu

Source: Company reports, Macquarie Research, October 2016

- **Lincoln Hill satellite development asset** – Our DCF5% model of a satellite oxide gold open pit heap leach operation at Lincoln Hill is provided in Fig 28, Appendix D. We estimate a NPV5% of ~\$31m (discount as at end of 3Q16) and IRR ~45% for Lincoln Hill based on a five year mine life / six year pad life (predominantly based on the PEA mine plan) producing a LOM average of 18kozAupa & 370kozAgpa at \$605/ozAuEq AISC. In Fig 6 we provide our key base case assumptions:

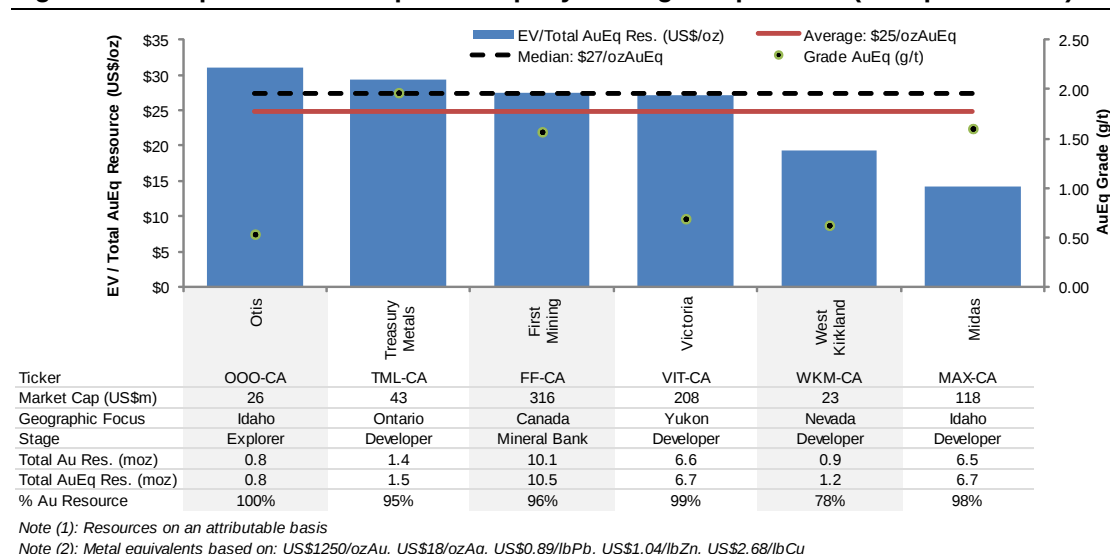
Fig 6 Lincoln Hill – LOM Model assumptions & parameters for base case (all parameters presented in metric)

Location	Perishing County, Nevada, USA
Ownership	100% Rye Patch Gold
Current Resources (YE15)	Lincoln Hill M&I: 29.3mt @ 0.39g/tAu & 10.87g/tAg Lincoln Hill Inferred: 20.8mt @ 0.38g/tAu & 12.19g/tAg
Status	Permitting, Initial production forecasted for 2020.
Model basis	PEA Technical reports, presentations, MD&A, and site visits to region with Macquarie adjustments to parameters where applicable.
Ultimate reserves modelled	7.9mt @ 0.65g/tAu & 14.76g/tAg
Mine Life	5 year mine life, 6 year pad life
Mining	Open pit, conventional truck and shovel operation
Processing:	Run of mine heap leaching
Ore processing rate	~4350tpd
LOM Avg. Stripping Ratio	0.55
Ore processed grade	0.65g/tAu, 14.75g/tAg
Metallurgical recovery	64% Au, 59% Ag
Annual production (LOM)	18kozAu / 370kozAg
OP mining cost / t:	\$3.10/t (ore), \$2.50/t (waste)
Processing cost / t:	\$3.60/t
Reclamation cost / t:	\$0.76/t
G&A / t:	\$1.50/t
All-in sustaining cost (US\$):	\$605/ozAuEq
Royalties:	3% NSR
Taxes:	35% corporate; 5% Nevada net proceeds tax
Capex (US\$):	Initial capex of \$28m, sustaining of ~\$5m
Long-term metal price:	\$1250/ozAu

Source: Company reports, Macquarie Research, October 2016

Option value – Exploration & Development Assets with Resources

RPM has additional resources at its Wilco prospect in the SW portion of the Oreana Trend. We assume that Newmont earns-in a 60% interest and value the 0.8mozAuEq MI&I of attributable Wilco resources at \$20/oz based on peer comparable analysis (average \$25/oz). Our 20% discount to the peer average is to reflect the JV status (timing uncertainty) and the ~50% low-grade sulphide component of the total resources (Fig 7).

Fig 7 Gold equivalent EV/oz peer company trading comparables (AuEq resources)

Source: Company reports, Macquarie Research, October 2016

Overall 12-month corporate NAV

In Fig 8, we provide our 12-month corporate sum-of-parts NAV breakdown for Rye Patch Gold. RPM's mineral asset NAV is predominantly ascribed to production with 66% for the Florida Canyon mine (C\$0.53 NAVPS) and 14% for the Lincoln Hill development asset (C\$0.12 NAVPS). RPM also has a cash flowing royalty on the Rochester mine for 2% NAV which is expected to end in late 2018. We also provide a sensitivity analysis for gold & silver prices and operating costs (Fig 9).

Fig 8 Rye Patch Gold – Net Asset Value Breakdown

Net Asset Value Breakdown				
	US\$m	US\$ / Sh	C\$ / Sh	% Total
Near Term Production (DCF)				
Florida Canyon (NV, 100%) - NPV5%	153.8	0.40	0.53	66%
Advanced Dev/Expl Assets (DCF / (Comparative analysis)				
Lincoln Hill (NV, 100%) - NPV5%	33.8	0.09	0.12	14%
Wilco (NV, 40%) - 0.8mozAgEq @ \$20.0/oz	16.6	0.04	0.06	7%
Other Mineral Assets				
Rochester NSR (3.4%) - NPV5%	5.8	0.02	0.02	2%
Oreana Trend Land Package (NV, 100%) - 18000ha @ \$1200/ha	21.6	0.06	0.07	9%
Golden Gate Pass (NV, 100%) - 1030ha @ \$2000/ha	2.1	0.01	0.01	1%
Total Mineral Asset NAV	233.8	0.60	0.80	100%
Cash from ITM O/W	4.5	0.01	0.02	
Cash (YE17)	27.1	0.07	0.09	
Debt (YE17)	(20.2)	(0.05)	(0.07)	
Total Non-Operating NAV	11.4	0.03	0.04	
Net Asset Value	245.2	0.63	0.84	

Source: Company reports, Macquarie Research, October 2016

Fig 9 Rye Patch Gold – NAVPS sensitivity analysis (Au, Ag & FCM OPEX)

RPM NAVPS (C\$) Sensitivity - Gold vs. Silver Price (US\$/oz)							
Silver Price	Gold Price						
		\$1,100	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600
	\$25.0	0.63	0.75	0.85	0.96	1.06	1.16
	\$22.5	0.61	0.73	0.84	0.94	1.04	1.14
	\$20.0	0.59	0.71	0.82	0.92	1.02	1.12
	\$17.5	0.57	0.69	0.80	0.90	1.00	1.11
	\$15.0	0.55	0.67	0.78	0.88	0.98	1.09
RPM NAVPS (C\$) Sensitivity - CAD:USD vs. FCM OPEX(%)							
FCM OPEX (%)	Gold Price						
		\$1,100	\$1,200	\$1,300	\$1,400	\$1,500	\$1,600
	+20%	0.33	0.46	0.57	0.69	0.80	0.90
	+10%	0.46	0.58	0.69	0.80	0.91	1.01
	0%	0.58	0.69	0.80	0.91	1.01	1.11
	-10%	0.69	0.80	0.90	1.01	1.11	1.21
	-20%	0.79	0.90	1.00	1.11	1.21	1.31

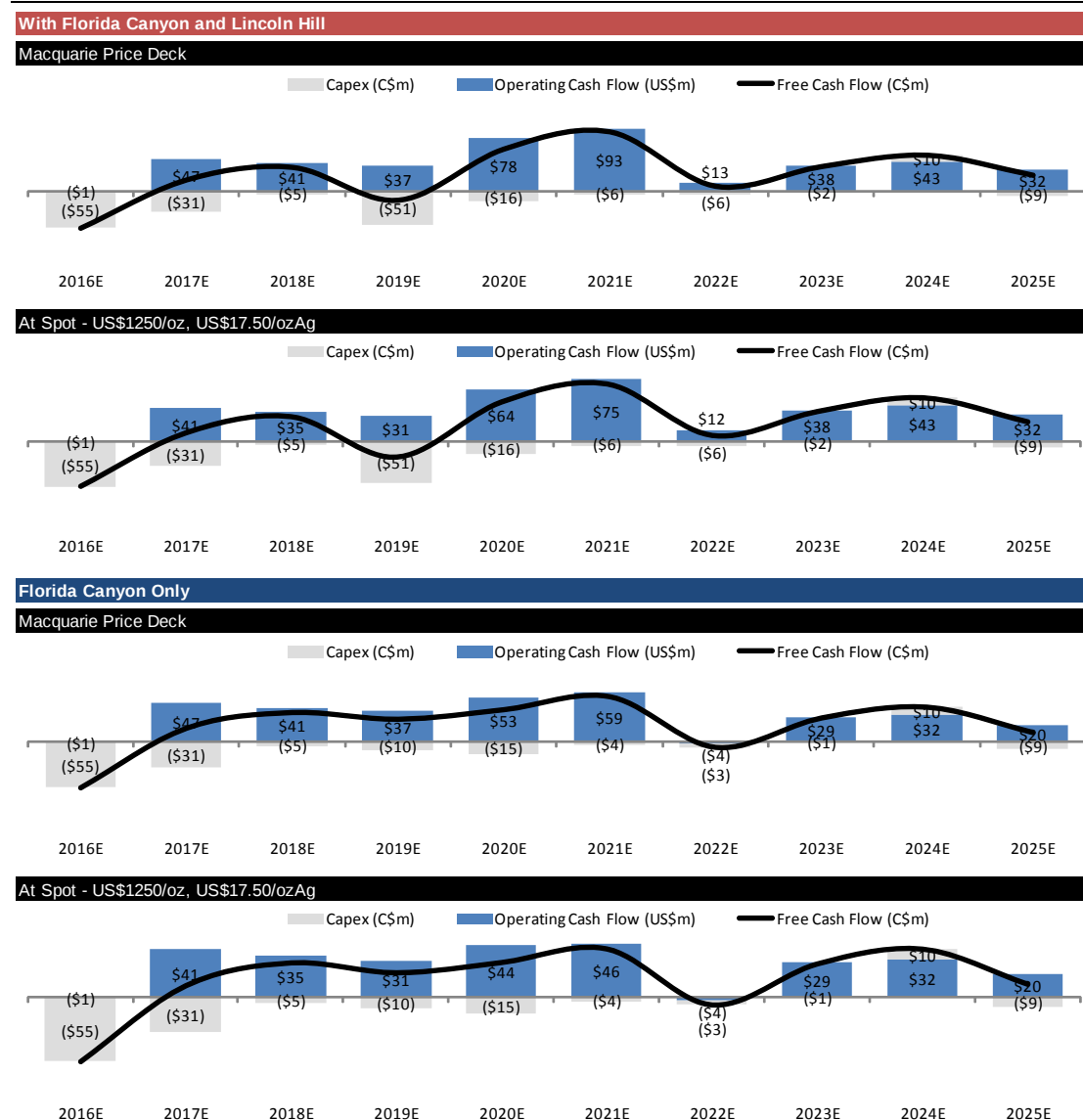
Source: Company reports, Macquarie Research, October 2016

FCF profile is attractive (at spot)

In Fig 10, we provided our 10 year cash flow profile estimate for RPM with and without the Lincoln Hill expansion (top and bottom respectively). We highlight that in 2017 we project a FCF yield compared to RPM's market capitalization of ~15% at Macquarie price deck and ~10% at spot.

To formulate our target price, we incorporated a 50%/50% blend of NAV & operating cash flow. We have also included the capex in the chart and highlight that RPM has impressive free cash flow generation of ~C\$35mpa (Macq price forecast) & ~C\$30mpa (spot) on average from 2017 to 2025.

Fig 10 CF profile from 2016 to 2025 for FCM & Lincoln Hill (top), & FCM only (bottom)

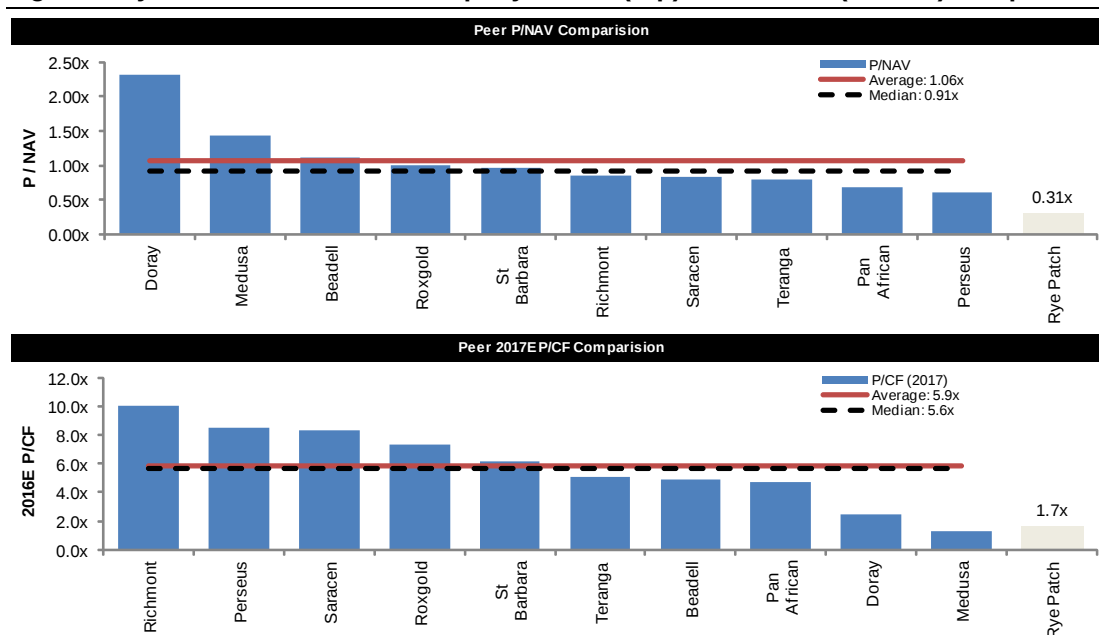


Source: Company reports, Macquarie Research, October 2016

RPM screens very well - Peer group comparable analysis

As a sense check, in Fig 11 we have compared RPM to its peers from Macquarie's global junior gold producer coverage list. In the top image, we compare P/NAV. In the lower image we provide the P/CFPS 2017E comparison. At 0.31x P/NAV, RPM is trading at a significant ~70% discount to the junior producers peers. On a P/CF basis, RPM trades at 1.7x which is a ~70% discount to the junior producer group average. **We think RPM will strongly re-rate in late 2016 with the first gold pour and again close the gap when commercial production is announced in 1Q17.**

Fig 11 Rye Patch Gold – Peer company P/NAV (top) & P/CF 17E (bottom) comparison



Noted: Priced as at October 14, 2016

Source: Company reports, Macquarie Research, October 2016

Risks and sensitivities

In our view, RPM is exposed to the risks and sensitivities as outlined in Fig 12. We have analysed these risks and sensitivities and highlighted some of the mitigating factors. Overall we view RPM as having a relatively low risk profile compared with other single asset producer peers. Note we have also provided a commodity price and opex cost sensitivity analysis in Fig 9.

Fig 12 Rye Patch Gold – Risks and sensitivities with mitigating factors

Risk / Sensitivity	Description	Mitigating factors
Technical risk	- FCM is a low grade, crush, heap leach operation that depends on strong consistent gold recoveries and efficient material movement. - New leach pad to be constructed (targeting late Nov) before rainy season. - Block model reconciliation with mined benches.	+26 year operating history of leach kinetic results and performance. - Operating team averages +15 yrs/person. - We expect 33% of the new pad to be completed by end of Oct – this will provide space for one year of production. - Non-nuggetty, disseminated mineralization.
Commodity price	Junior producer share prices can be very negatively impacted by downward pressure on the gold & silver prices	- Proactive cost containment programs in place including eliminating corporate offices. - Fully-funded to restart production
Nevada permitting risk	- Permitting additional leach pads in the future. - Pit lake – as part of any economic study related to the sulphide potential, it would likely be below the water table and could involve high temperature geothermal waters. - Sage Grouse lechts and habitat are sensitivity through NV; the BLM is in the process of establishing guidelines and there is some uncertainty on how such guidelines would be applied.	- We are relying on RPM management's (operations & exploration) permitting know-how experience to continue to successfully permit additional pads. - There are numerous precedents for pit lakes being permitted in NV & the +26 year successful permitting history at FCM is a plus. This said, we would need to understand geothermal water mitigation measures (to the extent hot water is an issue). Note that at this stage we do not ascribe any value to sulphide potential. - Sage Grouse designated areas are still being clarified throughout NV – we will monitor any potential impact on Florida Canyon & other RPM Oreana Trend properties. At this point we do not see it as a major risk.
Environmental legacy risk	2/3rds of the old FCM leach pad has been closed as a result of a process solution leak. Remediation & reclamation steps are in place.	To date, the extent of plume has been arrested and full containment is being achieved via pumping wells with ground water monitoring.
Operating margin risk	- Higher fuel prices would cut into margins (~25% of costs). - Labour wage inflation - Significant portions of fleet near projected life, and requires major repairs	- Experienced management team - OPEX based on \$2.50/gal fuel vs. ~\$1.75/gal currently - Hycroft mine layoffs have provided a nearby surplus of skilled miners. - Maintenance regime & downhill haul. - Refurbishment of fleet pre-production
Dilution risk	To accelerate exploration to grow reserves and resources, RPM may need to raise funds via equity, potentially resulting in equity dilution.	- RPM is well-positioned to gain a market re-rating to lower its equity cost of capital. - At \$1300 gold we model RPM to generate C\$30m in FCF in 2018; at \$1400 gold, the FCF is C\$35m and would self-fund exploration and production expansion. - Potential to monetize the Garden Gate project (see Appendix A)

Source: Company data, Macquarie Research, October 2016

Management & Directors

The RPM management team has extensive operational and exploration experience in Nevada (Fig 13). We think this experience reduces risk for investors. We especially like the fact CEO Bill Howald & Manager US Ops John Porterfield bringing to bear skill sets from senior mining companies that compliment Joel Murphy/GM FCM and his team that have successfully run the Florida Canyon Mine the past +20 years. We also think that the ABX and Placer Dome experience will provide a strong level of assessment and set of insights to the Oreana Trend for additional oxide gold deposits and potentially for important sulphide gold deposits.

Fig 13 Rye Patch Gold – Management and Director bios

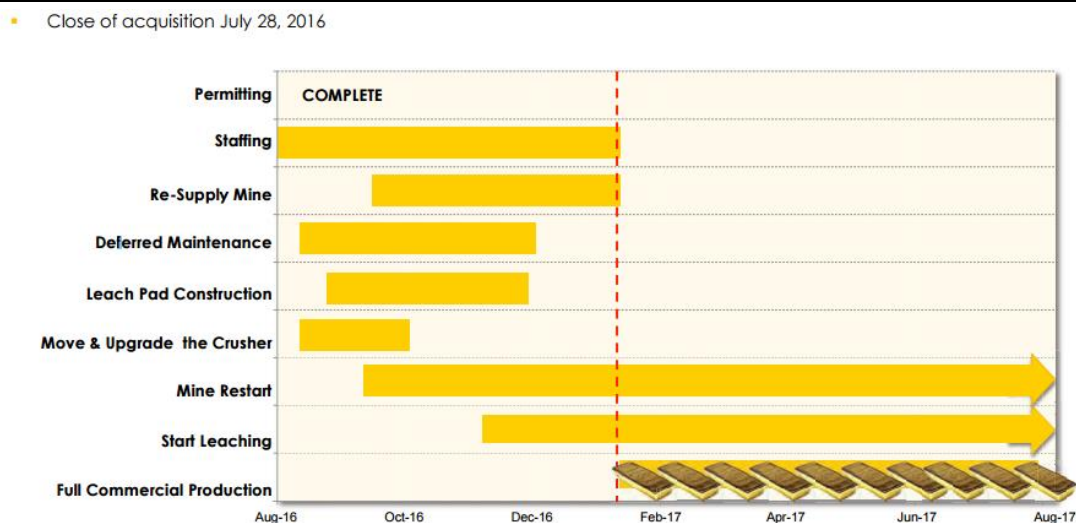
Management	Background
William C. (Bill) Howald, President & CEO, Director & Co- Founder	Co-Founder in 2006 of Rye Patch Gold - Prior to joining RPM, Mr. Howald was GM of Exploration, USA & Latin America, for Placer Dome Inc. (PDI). While at PD, Mr. Howald was an integral part of the teams that delivered over 100mozs of gold resources to the PDI portfolio. A number of these resources are now being mined including: Pipeline, Turquoise Ridge, Bald Mountain Mines, Cortez Hills in Nevada, Puren in Chile, and Pueblo Viejo in the Dominican Republic. Others, such as Donlin Creek in Alaska, are in the feasibility stage and are heading for production decisions. Overall, Mr. Howald has +20 years in the international gold exploration and mining industry gained primarily in Nevada, Mexico, and Central and South America. Bill holds a BSc Geological Engineering from Montana Tech of the University of Montana
Tony Wood, CFO	Joined RPM in Nov/14 (CFO as of Mar/15) - Mr. Wood has held executive positions in finance and operations with publicly traded international resource and exploration companies for over 15 years. He has a proven successful track record of strategic planning, organizational development and company transformations and has been instrumental in achieving performance and value growth across diverse commodities, countries and market conditions. Tony holds a BSc (Honours, Marketing Major) and is a CA in the UK and Canada.
John Porterfield, Manager, US Operations	Joined RPM in 2015 – Mr. Porterfield has +30 years' experience in project development including roles with ABX and Placer Dome Inc. He has held senior operational positions in Nevada at Bald Mountain, Alligator Ridge, Turquoise Ridge, Getchell & Ruby Hill Mines. Internationally, his operational experience includes the Porgera mine in PNG. Mr. Porterfield will oversee the construction of the new leach pad at the FCM and bring to bear his experience to create value at the operation. John holds a B.S. Mining Engineering and B.S. Geology from Mackay School of Mines.
Joel Murphy, Mine GM Florida Canyon	Joined RPM in July 2016 – Mr. Murphy has +35 years' mining experience in NV including 20 years at the Florida Canyon Mine. Joel has experience running every aspect of mining operations, including capital expenditure programs of up to \$200m. Joel is a board member of the Nevada Mining Association.
Ronaldo Marcio Pinto da Silva, Senior Exploration Geologist	Joined RPM in 2007 – Ronaldo is a structural geologist and has +30 years of international experience primarily with various senior mining companies (ABX, AEM & PDI) in Brazil, Venezuela, Argentina, Bolivia, Peru, Mexico and the USA (Nevada). Ronaldo holds a B.Sc Geology from Universidade Federal de Minas Gerais.
Directors	
Jonathan Challis, Chairman	Director since 2007 - Mr. Challis has an Honours degree in Mineral Exploitation from University College, Cardiff and an MBA degree from Cranfield University. Mr. Challis has served as President and Director of Shore Gold Inc. (diamond exploration) from 1999 to December 2003; President, COO and Director of Cornerstone Capital Resources Inc. (gold exploration) from January 2004 to January 2005; President and Director of Sollex Resources Corporation (uranium exploration) from January 2004 to May 2010. Mr. Challis is a mining engineer with over 30 years' experience in the operation, management, financing and analysis of mining projects around the world.
Charles C. Russell	Director since 2007 - Mr. Russell has a Fellow Institution of Materials, Mining and Metallurgy (FIMMM) from Camborne School of Mines in Cornwall, UK. Mr. Russell has been retired from June 1996 to present. He is also an independent Director of Golden Reign Resources Ltd. Mr. Russell has 50 years of experience in the mining industry including VP Mining & Technology for Ivanhoe Capital Corp., General Manager for Ashanti Gold Fields in Ghana and General Manager for National Iron Ore Co. in Liberia.
Randy Buffington	Director since 2014 - Randy has over 28 years of management, operations, engineering and construction experience, which he attained through his various management positions at globally focused mid-tier and senior mining companies including Coeur Mining and Barrick. Randy is the President & CEO of Hycroft Mining.

Source: Company reports, Macquarie Research, October 2016

Key price catalysts

In Fig 15 we have provided what we view as Rye Patch Gold's important catalysts and milestones over the next 18 months. The Florida Canyon "restart" critical path items are: i) new leach pad; ii) move/upgrade the crusher, and; iii) refurbishing the fleet (Fig 14). These are key catalysts that in our view will drive the 1Q17 first production and ultimately the share price as the company re-rates to producer status.

Fig 14 Florida Canyon – Restart Production Timeline



Source: Company reports, Macquarie Research, October 2016

Fig 15 Rye Patch Gold – Upcoming Catalysts, next 18 months

Catalyst	Description & Potential Impact	Target Date
New phase-1 leach pad completion	This is a critical path item. At least one cell (33% of the permitted area) needs to be completed before the weather turns as it will accommodate the first year of production. <u>Positive de-risking impact when this is completed.</u> As at Sept/27, RPM stated they are under the \$8m budget and have completed one cell.	End Nov 16
Crusher move & upgrade/installation at FCM	Critical path item. The crusher relocation from the Standard Mine is in progress and is required for production. The foundation has been poured, and is targeting mid-October to be operational. As at Sept/27, RPM stated they are on target for the \$2m budget.	Mid Oct 16
Refurbishing the fleet	Critical path item - One loader and 4 trucks remain to be refurbished. Although not an exciting catalyst, we will be more comfortable once the fleet refurbishment is done and regular maintenance programs are underway. As at Sept/27, RPM stated they are under the \$3m budget.	4Q16
Initial production from new leach pad	Fast leach kinetics, in combination with mineralized overliner and initial leached rock near plastic, drive our view for initial pre-commercial production potential soon after the leach pads are constructed (Dec or late Nov).	Late 2016
Full/Commercial production	Milestone of reaching commercial production. This will re-rate the shares to producer valuation metrics in our view.	1Q17
FCF results in 2H17	Given the fast leach kinetics (30-45 days for ~70% of recoverable metal), we think the turnaround to FCF will be fairly expeditious, and see positive FCF in 2H17. At \$1300 gold, our model estimates RPM would generate C\$10m in FCF in 2H17 (assumes commercial production contingent payment made with \$5m cash).	2H17
FCM – near mine infill drilling exploration/expansion results	This involves drilling for additional oxide reserve potential within the pit limits and the PoO.	2017
Oreana belt – medium term exploration results	Exploration results from the ~10km trend between the FCM and the Standard Mine will be reported for both oxide and sulphide potential (Fig 16).	2H17
Oreana belt – longer term targets for exploration results	Exploration results from targets tested along a ~30km NE-SW trend between the Wilco and Standard mine (Fig 16).	2H17
Lincoln Hill EA completion & approval	An Environmental Assessment (EA) is in progress to permit mining/drilling at Lincoln Hill as a satellite operation to the FCM. Potential to contribute up to ~23kozpaAuEq if economic. Minor positive impact.	2017?
Wilco EA completion & approval	Permitting EA being completed	2017?
Potential FCM expansion	RPM will investigate an expansion at FCM that will likely involve expanding the crusher, fleet, and further resource expansion and conversion with potential to increase production to +100kozAupa at FCM (not in our model).	2018
FCM – sulphide exploration drilling	Historical drilling has documented multiple +100m at +1g/t intersections, including +12g/t individual assays. Historical metallurgical work referenced by RPM has documented 94% gold recovery via flotation.	2017/2018

Source: Company reports, Macquarie Research, October 2016

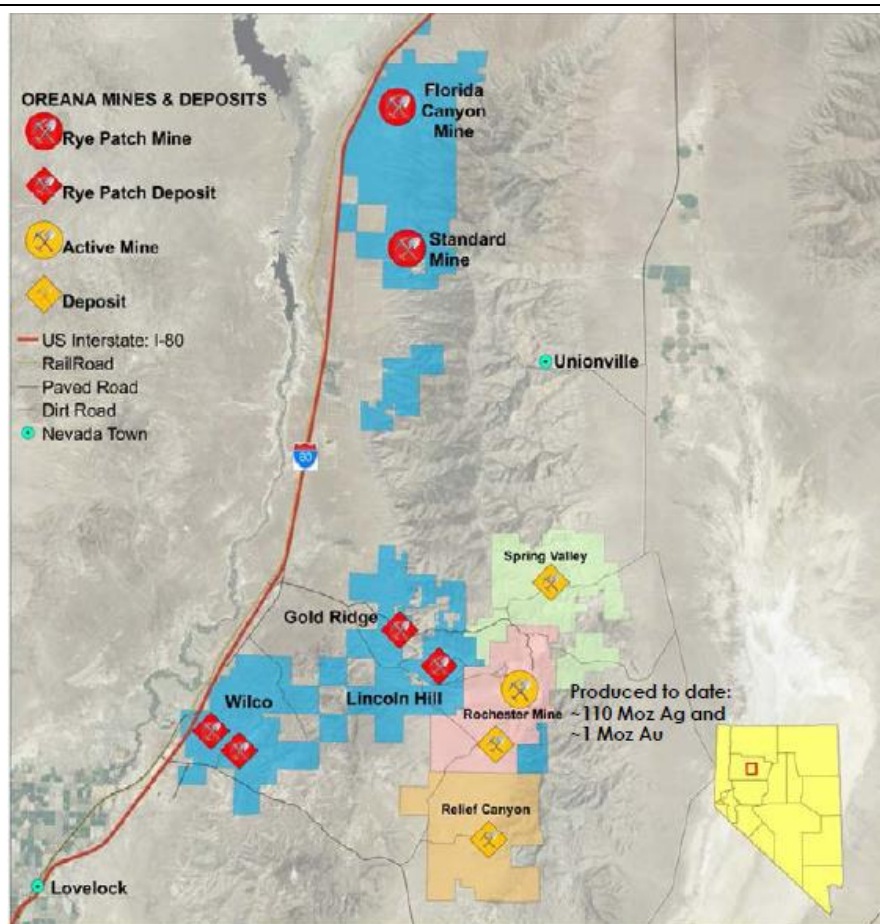
Key Asset: Oreana Trend properties – highlighted by the Florida Canyon mine (100%)

We have decided that the Florida Canyon mine (66% of RPM NAV) is best portrayed in the context of the other six properties RPM controls within the same Oreana Trend (two with resources/PEAs – Lincoln Hill & Wilco; one advancing to a resource – Gold Ridge, and; three at the early exploration stage). On this basis, we have presented the FCM in context with the other projects in our asset overview.

Location, access and infrastructure

The Oreana gold-silver Trend is well located in north-west Nevada, USA (Fig 16). RPM's flagship Florida Canyon open pit mine is located in the northern portion of the trend ~68km SE of the town of Winnemucca (pop ~8000). Coeur's (CDE US, not-rated) Rochester silver-gold mine is located in the southern portion of the trend. The Oreana Trend (past production +3mozAu & +110mozAg) is accessible via paved highway (interstate highway 80) with a network of roads to access various portions of the trend (we note FCM is within 500m of the Interstate 80 highway). The Florida Canyon mine has access to a low-cost power grid and a sufficient water supply. Skilled labour is sourced locally from the towns of Winnemucca, Lovelock and Unionville.

Fig 16 Location of the Florida Canyon Mine and other RPM assets within the Oreana Trend, NW Nevada, USA. Note the Nevada location map inset in the lower right corner.



Source: Company reports, Macquarie Research, October 2016

Land tenure and royalties

The **FCM mine property** is owned 100% by Rye Patch and consists of surface & mineral rights with land tenure including: i) patented claims (~145ha); ii) unpatented mining claims (9660ha); and, iii) fee lands (2230ha). As with many projects in Nevada, FCM has several royalties on multiple claims, with an average NSR of 5.75%. FCM is also subject to a 5% Nevada Net Proceeds Tax.

The past-producing **Standard Mine** property is 100% owned by RPM and part of the above FCM land position. The mine is subject to NSRs totalling 4.25%.

The **Lincoln Hill** deposit and property is 100% owned by RPM and consists of 142 unpatented (BLM federal) and two patented lode claims for ~11.7sq km of total area. The claims are largely subject to 4% NSR royalty that can be bought down by 1% for \$3m (we model a 3% NSR).

The **Wilco** deposit and property is a 36sq km project of which ~33.2sq km is subject to an option/JV with Newmont (NEM US, Not Rated) entered in August 2007. This option structure was entered via an agreement with North American Diversified Resources Corporation who had a prior agreement with Newmont. The agreement covers 217 mineral claims (12.1sq km) and 21.1sq km of private lands. Key deal terms are outlined below.

- ⇒ RPM acquired 100% interest through US\$0.5m shares, US\$0.15m cash, and US\$3m of exploration expenditures over 4 years – RPM has met these requirements at YE 2010
- ⇒ RPM also has to continue to meet the annual work commitments (US\$0.5m for 2015), otherwise RPM to pay NEM ~US\$85k rent per each year that's unfulfilled.
- ⇒ NEM has a back-in right to earn up to 60% by spending \$15m or 70% by spending \$20m over 8 years. The right must be exercised within 120 days of a feasibility study being issued. Should NEM fail to meet to obligations, RPM can acquire NEM's interest for US\$2m (may be payable in shares) and NEM and the underlying owners will hold NSRs ranging from 2%-5% – Feasibility not yet delivered / back-in right still open to NEM.

Synoptic history of the Florida Canyon mine & Oreana Trend

Despite a 30 year production history (including the Standard Mine), the FCM has been under the radar as a steady gold producer in Nevada with +2mozAu total production. To some extent, the Oreana Trend of gold and silver deposits is the least known trend in Nevada yet it has produced +3moz gold (2moz at FCM & 1moz at the Rochester mine) and +110moz silver (Rochester mine). Current reserves and resources in the Oreana Trend are ~8moz gold and ~330moz silver for an overall endowment of ~12moz gold and ~440moz silver. We think it is important for investors to understand the history of the FCM operatorship and the evolution of the Oreana Trend. Note that we have relied on the July 8/16 technical report for our history synopsis.

- **1860-1906:** The first gold was discovered in the Humboldt Canyon which resulted in claims being staked and the population of Humboldt City growing to 500 in 1863. Low production was yielded from the "Imlay Mining District" (aka Oreana Trend) despite the discovery of the Imlay gold mine and Black Jack Mercury Mine in 1906.
- **1860-1929:** At the same time farther to the south, the **Rochester silver-gold mine** (and district) was discovered (named by New York prospectors). Production was initially on a small scale via underground shafts then in the 1880's and 1890's the focus was on placer mining. The boom years of 1912 to 1921 were on the back of a significant silver-rich ore discovery and the district produced 6.4mozAg and 52kozAu. During 1913-1929 the district produced silver, gold, lead, copper, zinc, antimony, tungsten, dumortierite and andalusite. After 1929 only limited production for a long period of time.
- **1939-1949:** The **Standard Mine** became the most productive mine in the district, producing >\$1m worth of gold and silver (we estimate at \$35/oz it implies production of +28kozAu).

- **1982–1998:** Pegasus Gold Mines (through subsidiary Montoro Gold) conducted an aggressive exploration program to expand the known reserves and expanded the **Florida Canyon Mine** land position. By YE85 Pegasus had drilled 241 holes (~26.7km) in the “West Trend” and adjacent deposits plus 46 exploration holes to the S and E. In 1985, after large scale column leach tests and additional ore delineation, Pegasus decided to put FCM into production with the first crushed ore to the leach pad in Nov 1986. After permitting, the mine started-up in 1986 (note that 16 amendments have been since this initial permit was granted). Pegasus encountered financial stress in 1997 as the gold price plunged from \$370/oz (Jan) to \$283/oz (Dec) and despite Pegasus’ portfolio of six operations and 470kozpa production, the company had major teething issues with its Mt Todd project start-up and the firm had to file for bankruptcy as it was unable to service its \$238m in debt.
- **1983 – 2014:** Coeur acquired the **Rochester mine** in 1983. Coeur then conducted an extensive drilling and development program leading to open pit mining of the Rochester pit starting in 1986. The mine operated until reserves were exhausted in 2007 (it had some production from Nevada Packard in 2002-2007) due to low metal prices. Between 2007 and 2010 Rochester was operated as a heap leach. Since 2011, Exploration since 2011 has focused on near-mine targets at the Rochester and Nevada Packard pit areas. In 2013 and 2014, Coeur focused on finalizing stockpiled material inventory as well as drilling prospects at Northwest Rochester, Sunflower, East Rochester and South Mystic.
- **1999-2005:** Apollo Gold emerged the reorganization as the new holding company with **FCM** and in 2002 was bought by Nevoro Gold and changed its name to Apollo Gold Corporation. Apollo operated the FCM and Standard Gold Mine until the properties were purchased by Jipangu International in 2005 (Apollo focused on its Timmins operations).
- **2005-2015:** Jipangu operated the **FCM and Standard** mines through wholly-owned subsidiaries FCMI and SGMI. In September 2015, Jipangu defaulted on its debt and the asset became majority-owned by Admiral Financial Group.
- **2016-present:** In July/16, Rye Patch Gold agreed to acquire the FCM and related assets (and liabilities) from Admiral and Jipangu (see Appendix C for key transaction details).

Geological setting, mineralization and resources

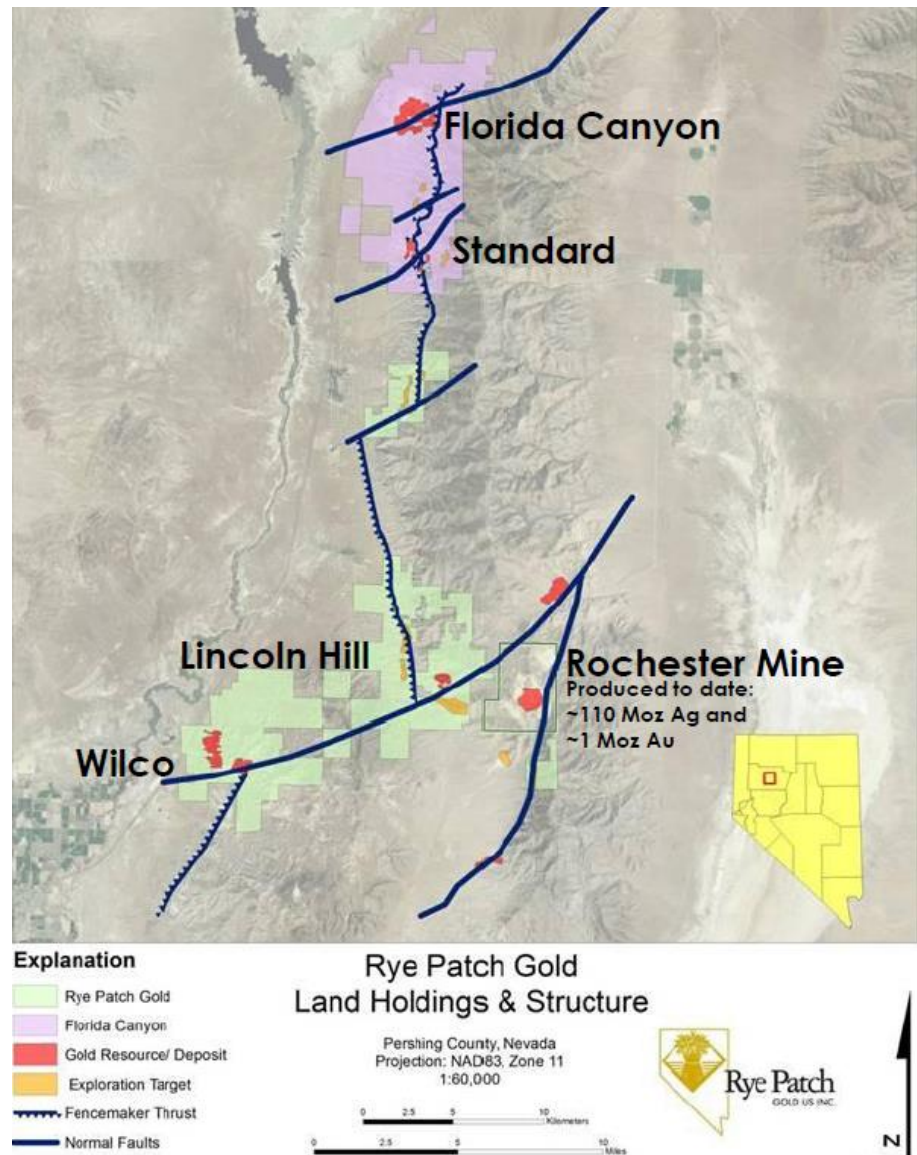
The FCM is located regionally within the north end of the ~12mozAu & ~440mozAg Oreana Trend (past production & current resources). The regional geology of the Humboldt range consists of a major N-S trending anti-formal structure. This architecture of the Basin & Range province is highly conducive to the development of large gold deposits.

In our view there are several important features of the Oreana Trend deposits as to mineralization controls. In our view the key features of this geological setting are as follows:

- **Structure is the key in the Oreana Trend.** Deep-seated faults tend to tap larger fluid sources and be important for gold deposits to form. The Oreana Trend is dominated by the Humboldt Thrust Fault as a first order control on mineralization. Key to focusing mineralization are the NE-SW trending cross-structures as shown in Fig 17.
- **Ground preparation by faults and deformation = permeability developed.** The extensive brittle and ductile deformation essentially broke up the host rocks and made them more receptive to gold bearing fluid flow. Much of the gold mineralization at the FCM is part of a shallow low sulphidation epithermal stockwork-style gold system that is broad and low grade.
- **Deposits in the trend hosted by different host rocks.** A key observation is that the deposit host rocks range from siltstones (Florida Canyon, Wilco) to limestones (Standard Mine, Gold Ridge, Relief Canyon) to volcanics (Rochester, Lincoln Hill, Spring Valley).

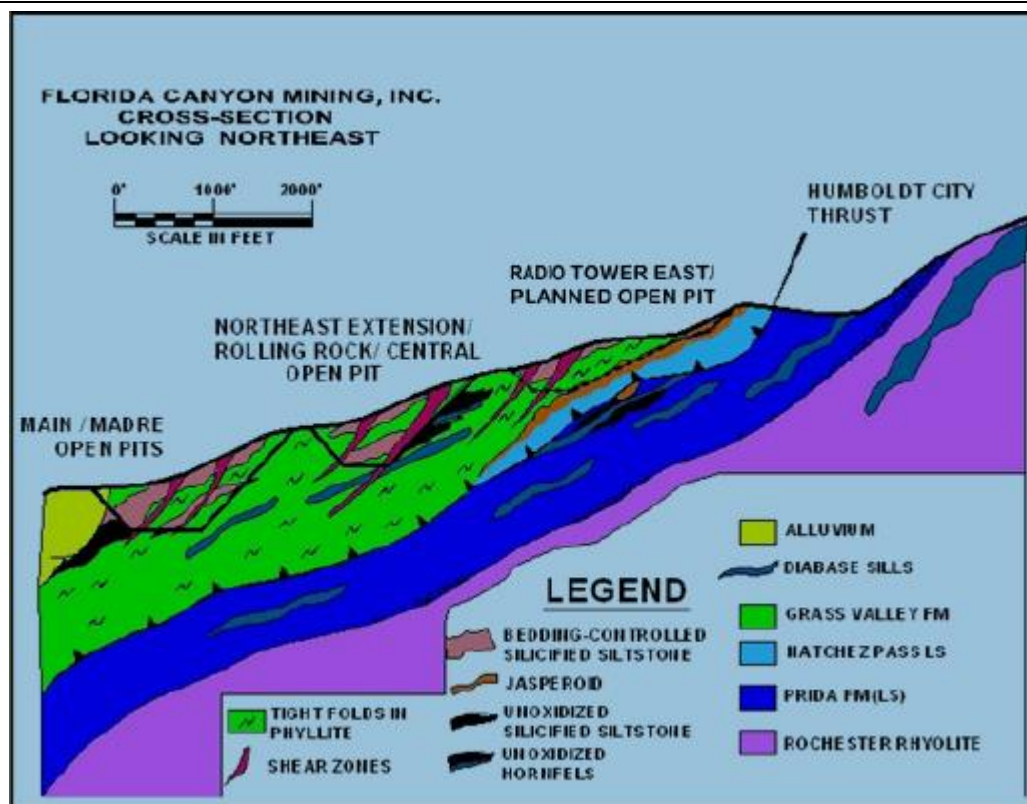
- **Why do host rocks matter?** In the Oreana Trend, the structural deformation has been instrumental in developing permeability in various units to focus gold-silver bearing fluids. In the sediments, this has manifested as vein swarms/stockworks/corridors with relatively consistent lower grades. In the limestones, there has been extensive disharmonic folding that resulted in replacement-type deposits given the chemical/structural trap rocks, grades are generally low and mineralization is disseminated. In the volcanics, quartz veins/stockworks with high grade gold/silver domains are developed and associated with large alteration footprints of silicification and clay alteration. We have summarized the host rocks and mineralization controls in Fig 21.
- **Surface alteration “jasperoids” have been beguiling.** The silicified limestones in the Oreana Trend, as highlighted at the Standard Mine and the Relief Canyon deposits, are obvious topographic highs and accordingly have received more prospecting attention. While these jasperoid-related prospects host gold deposits, they are much smaller than the more subtle FCM deposit (Fig 18). We think RPM will take a different approach to prioritizing and detecting drill targets with a more subtle signature.
- **Unconformities are likely important for lateral flow of gold-bearing fluids.** The main formations have unconformable contacts and are thought to be good conduits to channel hydrothermal fluids.
- **The Lincoln Hill deposit (LH) is in a similar geological setting to the Rochester Mine.** Like Rochester, LH hosted by the Rochester Rhyolite Formation, part of a broad antiform cut by N trending faults. The stratigraphic sequence is a lower volcanoclastic intensely silicified unit that is overlain by a middle felsic tuff (locally cataclasite) and an upper felsic unit with aluminosilicate alteration plus tourmaline plus massive sericite & strong silicification in veins/stock works. The sequence is cut by subvertical lamprophyre dykes (implying deep structures). Overall, LH has a large 1500m * 300m * 300m alteration footprint dominated by central silicification and outer argillic (clay) alteration (and Mo-As-Sb-Pb signature). It also hosts the indicative aluminosilicate alteration mineral dumortierite. A high grade gold bearing stock work quartz-tourmaline-sericite-clay system has a NW strike as filled by dykes. Later high grade gold is associated with faults with hematite and clay. A low grade gold event associated with quartz veinlets has a NW orientation and locally is manifest as pervasive silicification. LH mineralization has been documented to a 305m vertical depth, however, only systematically drilled to a 150m vertical depth (123 holes, 19.6km). Untested zones include the Roosevelt and B. Franklin targets. RPM management interprets the LH setting to lie above a series of high level porphyries. See Fig 20 for the resource estimate.
- **System at FCM is oxidized to 100m to 200m vertical depths.** The extensive structural ground preparation has led to the strong pervasive nature of oxidized zone that hosts the gold mineralization. The lack of a significant transition zone to sulphides at FCM is positive for leach kinetics. See Fig 21 for the resource estimate that breaks down the oxide and sulphides.
- **Potential for gold in sulphides to depth.** Historical exploration work has highlighted that the FCM oxide deposit is underlain by a “feeder” sulphide gold deposit of some magnitude. We discuss the exploration upside for documenting a compliant resource and that metallurgical test work has suggested flotation would result in a pyrite concentrate with precious metals that would yield +90% gold recoveries (see exploration upside section).
- **Multiple gold systems in the Trend.** Florida Canyon is part of a young 4-6 million year old hot spring gold system with a 1:1 silver to gold ratio (recovered). Standard is a similar age system with a much higher silver content. The Rochester and Wilco are older systems with silver-gold-lead-arsenic-antimony. We think the long lived & deep structures in the Oreana Trend, with multiple episodes of mineralization, point to higher potential within the Trend.

Fig 17 Plan view – Structural controls of the Oreana Gold trend. Where the NS Humboldt Thrust Fault (blue line with teeth) is dissected by the NE trending faults is where mineralization has been discovered and ore deposits have been developed.



Source: Company reports, Macquarie Research, October 2016

Fig 18 Schematic geological section of the Florida Canyon deposit (viewing NE). Note the strong association of silicified siltstone and cross-cutting jasperoid features.



Source: Company reports, Macquarie Research, October 2016

Fig 19 Florida Canyon Resources (July 2016)

	Tonnes	Grade	Ounces
	kt	g/tAu	koz
M&I	84,202	0.42	1,126
Inferred	7,466	1.65	396
Oxide	351	0.47	5
Sulphide	7,115	1.71	391
Total Resources	91,668	0.52	1,523

Source: Company reports, Macquarie Research, October 2016

Fig 20 Lincoln Hill Resources (July 2014)

YE 2015 Resource	Tonnes	Grade		Ounces	
		Gold	Silver	Gold	Silver
	kt	g/t	g/t	koz	koz
M&I	29,311	0.39	10.87	364	10,247
Inferred	20,822	0.38	12.19	255	8,163
Total Resources	50,133	0.38	11.42	619	18,410

Source: Company reports, Macquarie Research, October 2016

Fig 21 Oreana Trend – compare/contrast of the various mines and deposits.

Deposit or Mine (status)	Endowment*	Host Rocks	Macquarie Comment
Florida Canyon (restarting heap leach production)	+3.5mozAu	Siltstones; Grass Valley Fm	Strongly brecciated siltstones, multiple quartz vein events; significant sulphide feeder(?) component
Standard Mine (past producer, heap leach)	+0.4mozAu	Limestones; Natchez Fm	Strongly folded sequence, karsted surfaces and contact with the Grass Valley Fm important
Lincoln Hill (PEA, heap leach)	+0.6mozAu / +18.4mozAg	Volcanics; Rochester Fm	Felsic, alkaline-type signature; mainly volcanoclastics; quartz veins/stockworks
Wilco (past producer; resource)	+1.8mozAu / +18.1mozAg	Siltstones; Grass Valley	Similar setting to FCM (and size potential?)
Spring Valley*** (resource)	+1.9mozAu	Volcanics; Rochester Fm	Alkaline-type signature(?)
Gold Ridge (exploration)	Prospect	Limestones; Prida Fm	Strongly folded sequence
Rochester Mine**** (mine, now a heap leach)	+2.7mozAu / +400mozAg	Volcanics; Rochester & Weaver Fms	Felsic flow domes and volcanoclastics, alkaline-type signature; folded and faulted volcanic with quartz veins/stockworks with pyrite, silver sulphosalts & native gold
Relief Canyon** (PEA on past heap leach producer)	+1.0mozAu	Limestones; Cane Spring Fm	Strongly folded sequence; porphyry altered gabbro dykes cut the sequence; potential breccia unconformity controls?

*endowment is past production and current resources; **Relief Canyon is owned by Perishing Gold;

Spring Valley is owned by Waterton; *Rochester is owned by Coeur Mining.

Source: Company reports, Macquarie Research, October 2016

Fig 22 Florida Canyon site visit photos (A-G, photo H from RPM)

Source: Company reports, Macquarie Research, October 2016

Florida Canyon Mining operation – Why this low grade heap leach crushing mine works

The Florida Canyon mine, once restarted, will be a relatively large earth moving operation. It is planned to be a ~48.2ktpd (~19.6ktpd ore) conventional truck and shovel open pit, employing oxide heap leach mine with two-stage crushing and reverse-bucket-wheel agglomeration (~18ktpd stacking). The mine will utilize three loaders, twelve 785 CAT haul trucks, five 777 CAT haul trucks, two water trucks, and one grader (Fig 22-E). At a reserve grade of 0.46g/tAu, it is one of the lowest grade oxide gold heap leach mines in the world that involves crushing.

We highlight the five reasons why Florida Canyon operates so well despite its low head grades:

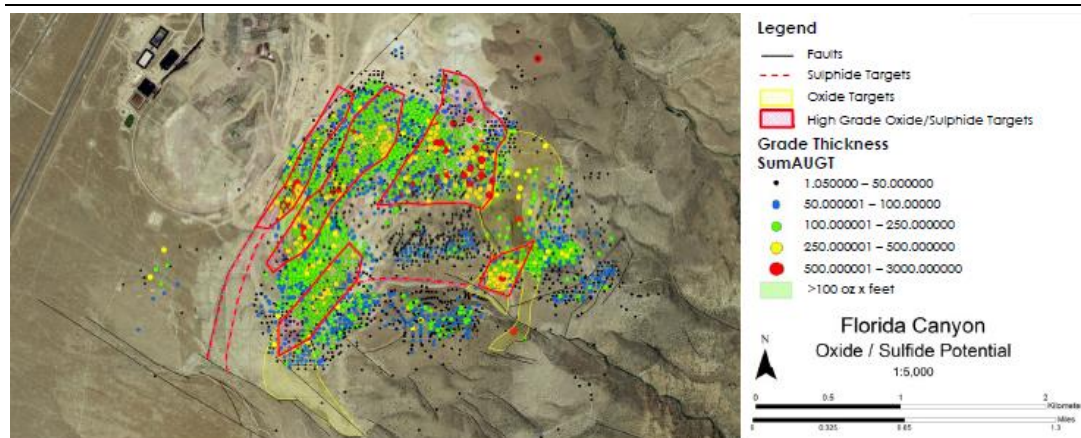
- ⇒ **Downhill tram = faster and efficient mining cycles:** The leach pads are located at the bottom of the mountain slope, resulting in significant portions of the loaded haulage cycle being downhill. This enables the loaded part of the haulage cycle to haul faster, while the return trip uphill is unload, and therefore fast as well, thereby increasing overall productivity per truck. For the restart plan at least the first 2 years of production are have loaded haulage tramming exclusively downhill.
- ⇒ **Downhill tram = reduced wear and tear:** By hauling loaded downhill, the wear on the equipment is reduced resulting in less downtime, lower maintenance costs, and the extended useful life of equipment.
- ⇒ **Excellent operating culture of ‘acting like an owner’:** The culture of cost do-it-yourself and thinking outside the box was on display at our Apr/16 site visit. We emphasize that the cumulative savings over the course of a year can be quite significant and believe that RPM has inherited an excellent culture with the acquisition of FCM.
- ⇒ **Proactive maintenance programs:** FCM has been able to operate equipment well beyond the manufacturer’s expected useful lives. We believe this is a combination of strong preventative maintenance practices including: one down day per equipment per week for repairs, and fluid analysis. The ability of the employees to multi-task downstream and upstream jobs likely has a profound effect, whereby the operator becomes more cognizant of the consequences (including downtime) of their actions on parts of the operator and does their best to mitigate negative impacts.
- ⇒ **Strong recoveries and fast leach kinetics:** Florida Canyon’s metallurgical properties are conducive to strong cash costs via relatively strong heap leach recoveries of ~71% Au and a fast primary leach cycle of 70 days.

Opportunities for Growth and Margin Expansion

- **Short Term, near-mine infill and step-out drilling for resource conversion and expansion at Florida Canyon.** There are several targets that essentially would connect the existing pits to potentially add new reserves (Fig 23). These include the area between the Central North pit and the RT North/RT East pits. In particular, the Radio Tower Hill oxide zone is an obvious target for conversion that has high mine feed potential. We expect systematic drilling in 1H17 and the eventual removal of the radio tower to facilitate it being mined.
- **Short to Medium Term, the underexplored ~8km corridor between Florida Canyon and Standard is ripe for further exploration and discovery of oxide deposits.** In particular the Star and Valerie prospects have a similar setting to FCM. Management has also made the point that there has tended to be too much focus on the jasperoid topographic highs and that some of the valleys are prospective and underexplored. We expect a limited drill program to scout drill the priority targets in 2017.

- **Medium term – assessing the sulphide potential.** There is an obvious opportunity to explore the sulphide potential below the FCM. We think it is more of a limited drilling and significant metallurgical approach that will be required. The sulphide potential could involve a very large pit if resources were drilled off eventually to reach critical mass. There are some issues to contend with including the geothermal waters to depth, the prospect of a pit lake and that a portion of the sulphide potential at FCM dips under the old heap leach pad. The Wilco deposit has a similar geological setting to the FCM, therefore, investigating the sulphide potential could be part of a belt-wide assessment. We do not expect there to be very much focus on the sulphide potential until the later part of 2017 at the earliest. We are particularly interested in any new gold characterization studies.

Fig 23 FCM Plan view of pits with grade x thickness from drill collars (see legend) and highlighting the oxide expansion potential (yellow outlines) and sulphide exploration potential (red outlines)



Source: Company reports, Macquarie Research, October 2016

- **Further improvement/optimization of mine plan parameters.** Our model is based on the PEA mine parameters, which despite the 26 year operating history, in certain areas has an element of conservatism vs. past performance including:
 - ⇒ **Pit Angle** – 45 degrees in the PEA vs. 55-57 degrees historically, implies potential for lower stripping ratio.
 - ⇒ **Mining costs** – \$1.35-\$1.50/ton in PEA vs. ~\$1.2/ton historically
 - ⇒ **Crushing and pad placement** – Costs were \$0.06/sT historically less than PEA. Opportunity to potentially reduce by a further \$0.10 via increasing crusher hopper capacity from 50t to 120t to allow direct truck tipping vs. rehandling. This project would likely be part of a mine/crusher expansion.
 - ⇒ **Leveraging ‘acting like an owner’ culture to do capital projects themselves** – We see the potential to save at least a few million dollars vs. PEA over the mine life by doing projects in house.
 - ⇒ **Fuel** – PEA parameters based on \$2.50/gal diesel vs. currently price of ~\$1.75/gal. Note, FCM pays less than the retail price because there is no ‘road tax’ for mine consumption purposes.
- **Leverage FCM for potential synergies with RPM’s other Oreana Trend assets** – We see potential for both capital and operating cost synergies along RPM’s Oreana Trend asset portfolio by leveraging the established plant, infrastructure, and work force at FCM, including:

- ⇒ **Processing capex and opex savings** – The ADR plant at FCM has a capacity of ~180kozAupa. With FCM expected to produce on average ~70kozAupa, there is significant excess capacity. RPM could save capex and opex by trucking the gold/silver-loaded carbon to FCM for further beneficiation and potentially accelerating permitting. We see potential for \$3m-4m of capital cost savings and \$7m-\$10m of operating cost savings at Lincoln Hill.
- ⇒ **Reduce opex via shared support services** – Due to the moderate driving distance between FCM and the other projects (<40km along mostly interstate) many support staff (including operations, laboratory, technical services, maintenance, health & safety, environmental) would likely be based at FCM and shared between the assets to lower costs. We see potential for operating cost savings of \$4m-\$6m at Lincoln Hill.
- ⇒ **We see potential for \$14m-20m of LOM savings (initial capital and operating) at Lincoln Hill via synergies with FCM. This is upside we do not include in our model.**

Appendix A – Other Assets

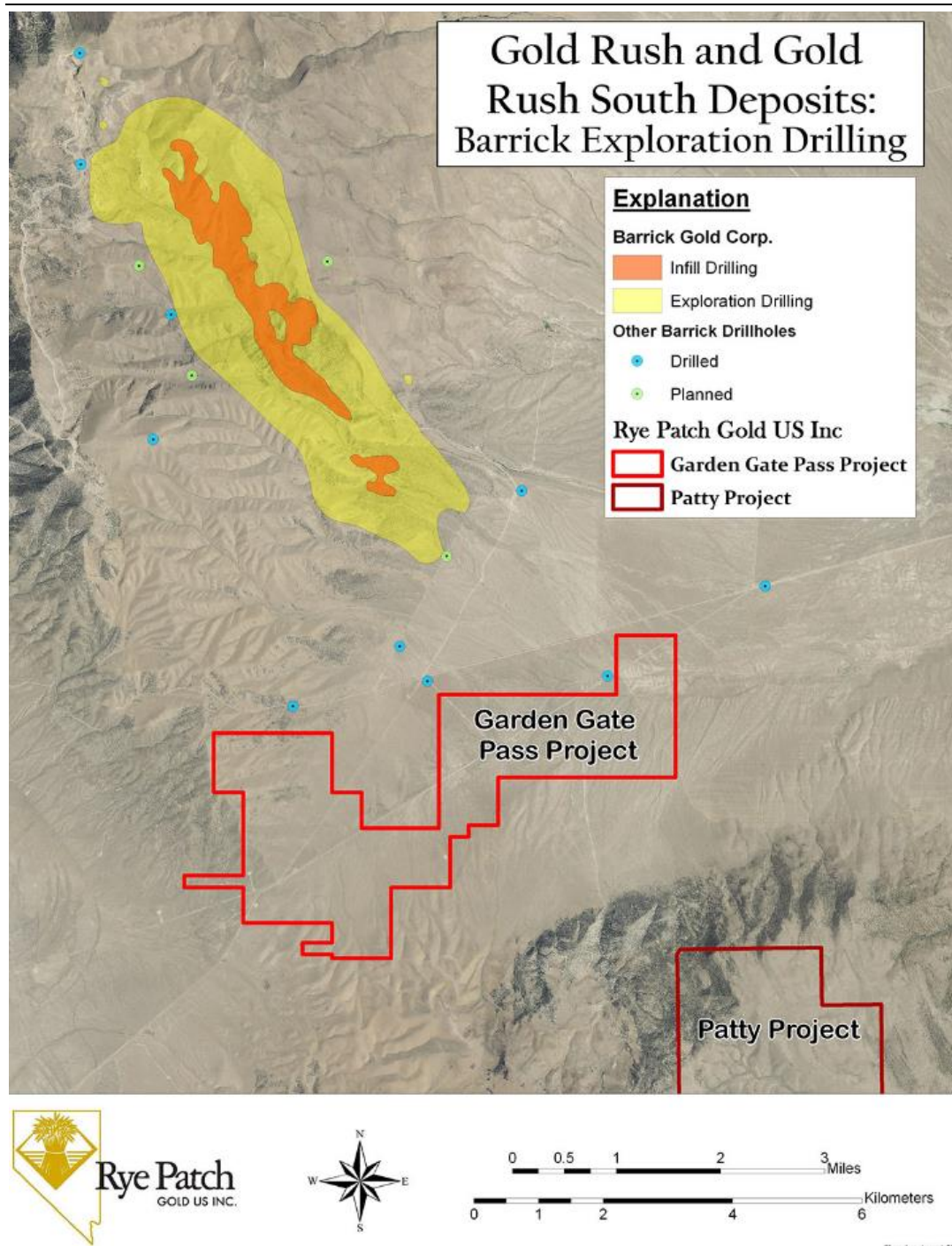
Rye Patch has two other assets in Nevada as detailed in Fig 24.

Fig 24 Breakdown of the Other Assets (projects & royalties) in the RPM portfolio.

Asset (location, commodity, ownership)	Description	Macquarie comment
Rochester Royalty (until end of 2018)	Royalty for a capped for production of 39.4mozAgEq of total mine production. RPM holds a 3.4% NSR royalty on Coeur's Rochester Mine in the Oreana Trend. It has paid a ~\$4mpa royalty since 2014 and will end at the end of 2018 (in our model).	Linked to RPM holding a large position in the Oreana Trend. RPM had land positions in the Oreana Trend including some adjacent to the Rochester silver-gold mine. RPM opportunistically staked ground Coeur had accidentally let lapse and subsequently agreed to a royalty structure deal with RPM.
Garden Gate Pass (Cortez Trend)	Exploration stage gold project. The 10.3sq km property is immediately south of ABX's large contiguous land position that includes the Pipeline & Cortez Hills mines (12km to the NNW) and the Red Hill and Goldrush deposits (adjacent to Garden Gate Pass; Fig 24). RPM has conducted seismic and gravity surveys and followed-up with limited wide-spaced drilling involving 12 core drill holes. The key Wenban Formation (host to Goldrush) has been documented in at least three of the drill holes.	Highly strategic land position. The on-strike potential to the Red Hills/Goldrush 11.3km trend appears to be open to the south onto the Garden Gate Pass property. The project could be a good asset chip that could be monetized to help fund exploration in the Oreana Trend. Alternatively, RPM could be patient and explore Garden Gate Pass once Florida Canyon is ramped-up. We ascribe \$2000/ha for a conservative \$2m valuation for this asset given it lies in a Tier One asset trend.

Source: Company reports, Macquarie Research, October 2016

Fig 25 Garden Gate Pass Property Map – We highlight the project is on strike and proximal to Barrick Gold's +10mozAu Red Hills/Gold Rush project, which has an extensive footprint of exploration drilling (shaded orange and yellow)



Source: Company reports, Macquarie Research, October 2016

Appendix B – FCM Historical Production

We provide a breakdown of Florida Canyon's historical processing material movements and recoveries in Fig 26.

Fig 26 Historical Production and Recoveries at FCM

Year	Crusher			Run of Mine			Total Ore				Recovered		Cumulative
	Ore Tonnes (000s t)	Grade (g/t)	Ounces (000s oz)	Ore Tonnes (000s t)	Grade (000s t)	Ounces (000s oz)	Ore Tonnes (000s t)	Grade (000s t)	Ounces (000s oz)	% Crush Ore (000s t)	Gold Ounces (000s oz)	Recovery (%)	
1986	558	0.83	14.8	0	n/a	0	558	0.83	14.8	100%	3.4	22.7%	22.7%
1987	3,307	0.75	80.1	0	n/a	0	3,307	0.75	80.1	100%	46.2	57.7%	52.3%
1988	3,950	0.68	86.8	0	n/a	0	3,950	0.68	86.8	100%	61.8	71.1%	61.3%
1989	4,178	0.69	92.6	692	0.39	8.6	4,870	0.65	101.2	86%	79.3	78.4%	67.4%
1990	4,632	0.71	105.4	2,028	0.34	22.3	6,660	0.60	127.7	70%	83.2	65.2%	66.7%
1991	4,616	0.69	101.7	3,788	0.37	44.7	8,403	0.54	146.4	55%	80.6	55.0%	63.6%
1992	4,615	0.71	105.6	4,007	0.37	48.3	8,622	0.56	153.9	54%	90.0	58.4%	62.5%
1993	4,956	0.75	119.5	1,612	0.38	19.7	6,568	0.66	139.2	75%	109.2	78.4%	65.1%
1994	4,961	0.77	123.6	1,582	0.35	17.7	6,544	0.67	141.3	76%	91.9	65.0%	65.1%
1995	5,090	0.85	138.5	2,326	0.37	27.5	7,416	0.70	166	69%	111.2	67.0%	65.4%
1996	11,268	0.79	284.5	2,439	0.35	27.4	13,708	0.71	311.9	82%	183.2	58.7%	64.0%
1997	8,923	0.62	178.4	1,253	0.38	15.4	10,176	0.59	193.8	88%	163.3	84.2%	66.3%
1998	7,854	0.70	176.7	4,357	0.40	56.6	12,211	0.59	233.3	64%	152.1	65.2%	66.2%
1999	4,936	0.90	142.3	6,708	0.42	90.6	11,644	0.62	232.9	42%	150.1	64.4%	66.0%
2000	4,344	1.03	143.8	7,622	0.29	70.3	11,966	0.56	214.1	36%	167.6	78.3%	67.1%
2001	2,430	0.99	77.1	3,624	0.60	70.2	6,055	0.76	147.3	40%	121.2	82.3%	68.0%
2002	3,485	0.86	96.6	3,533	0.43	48.9	7,018	0.64	145.5	50%	121.5	83.5%	68.9%
2003	3,453	0.69	77.1	4,374	0.39	55.1	7,827	0.53	132.2	44%	101.8	77.0%	69.3%
2004	2,909	0.66	61.8	2,722	0.47	40.8	5,632	0.57	102.6	52%	72.6	70.7%	69.3%
2005	19	0.00	0	324	0.69	7.2	343	0.65	7.2	6%	29.2	404.2%	70.2%
2006	0	n/a	0	1,861	0.43	25.6	1,861	0.43	25.6	0%	16.1	62.8%	70.1%
2007	0	n/a	0	5,447	0.45	79.5	5,447	0.45	79.5	0%	31.9	40.2%	69.3%
2008	885	0.76	21.7	7,648	0.37	92.1	8,533	0.41	113.8	10%	47.1	41.4%	68.3%
2009	1,649	0.64	34.1	5,228	0.36	60.9	6,877	0.43	95	24%	44.8	47.2%	67.6%
2010	4,002	0.29	37.9	9,554	0.31	94.9	13,556	0.30	132.8	30%	55.0	41.4%	66.6%
2011	432	0.13	1.8	2,766	0.26	23.4	3,198	0.25	25.2	14%	25.8	102.5%	66.9%
Total	97,450	0.73	2,302	85,497	0.38	1,048	182,947	0.57	3,350	69%	2,288	-	68.3%

Source: Company reports, Macquarie Research, October 2016

Appendix C – FCM Acquisition Key Terms

On July/29, RPM closed the acquisition of Florida Canyon Gold Mine from owner Admiral Financial Group. In connection with the acquisition was a funding package consisting of a credit facility for US\$27m and C\$49m in equity via an underwritten deal (223.2m shares). The key terms of the acquisition are:

- Acquisition of Florida Canyon Mine key terms – Consideration to Admiral Financial Group
 - ⇒ US\$15m cash and 20m RPM shares upon closing (paid)
 - ⇒ Assumption of payables, estimated at ~\$6.5m and assumed paid in 3Q16 in our model.
 - ⇒ Contingent consideration upon commercial production and payable within 60 days:
 - Contingent payment of \$5m, payable in cash or \$2.5m equity & \$2.5m unsecured debt (4% interest first year, 9% interest thereafter, 5 year maturity). We assume the payment is made in cash.
 - ⇒ 15m warrants at a \$0.50 strike price and 2 year term (payable within 60 days of commercial production)
- Credit facility key terms
 - ⇒ US\$27m at an interest rate of LIBOR + 8%
 - ⇒ Repayment based on cash flows from mine & financial repayment no later than YE 2020
 - ⇒ Hedging of 150kozAu, we assume a best efforts hedge price of \$1275/oz with delivery spread out even over the term of the debt.

Appendix D – Florida Canyon & Lincoln Hill DCF model summaries

Fig 27 Florida Canyon Gold mine – Macquarie model summary for 2016 to 2025

	Unit	LOM Average	Total	2016E	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Summary													
Production													
6 year mine life													
Total ore mined	000 sT	7,010	56,077	424	7,307	8,121	6,174	8,416	8,674	5,809	7,876	10,402	605
Total ore stacked	000 sT	7,068	56,542	424	6,842	7,200	7,220	7,200	7,200	7,200	7,220	7,200	6,102
Metal Produced													
Total gold grade stacked	g/sT	0.37		0.40	0.38	0.38	0.41	0.39	0.42	0.29	0.42	0.44	0.24
Total gold recovery	%	71.1%		71.1%	71.1%	71.1%	71.1%	71.1%	71.1%	71.1%	71.1%	71.1%	71.1%
Total gold production	000 oz	66	530	6.3	76.3	73.2	72.5	80.3	76.8	46.9	69.7	72.5	38.0
Total silver production	000 oz	66	530	6.3	76.3	73.2	72.5	80.3	76.8	46.9	69.7	72.5	38.0
Costs													
Operating cost per tonne stacked	US\$/t	\$7.23		\$22.71	\$7.68	\$7.52	\$7.67	\$7.39	\$7.25	\$7.47	\$7.35	\$7.56	\$4.38
Total Cash cost per oz	US\$/oz	\$821		\$1,591	\$750	\$800	\$824	\$724	\$743	\$1,205	\$821	\$810	\$763
Financial													
Gold price realized	US\$/oz	\$1,300		\$1,264	\$1,334	\$1,320	\$1,334	\$1,357	\$1,388	\$1,250	\$1,250	\$1,250	\$1,250
Silver price realized	US\$/oz	\$20.02		\$17.15	\$20.38	\$20.50	\$22.25	\$22.50	\$22.88	\$18.00	\$18.00	\$18.00	\$18.00
Total revenue	US\$m	\$88	\$704	\$8.1	\$103.4	\$98.2	\$98.3	\$110.8	\$108.3	\$59.5	\$88.4	\$92.0	\$48.1
Total Op costs	US\$m	\$50	\$403	\$9.6	\$52.5	\$54.1	\$55.4	\$53.2	\$52.2	\$53.8	\$53.1	\$54.4	\$26.7
Total capex	US\$m	\$3	\$26	\$20.0	\$16.7	\$3.8	\$6.8	\$10.1	\$2.8	\$2.9	\$0.3	-\$6.8	\$6.0
Total free cash flow	US\$m	\$23	\$183	-\$22.0	\$20.9	\$27.0	\$23.4	\$29.1	\$35.4	-\$0.8	\$26.2	\$33.1	\$9.7

Source: Company reports, Macquarie Research, October 2016

Fig 28 Lincoln Hill Gold mine – Macquarie model summary for 2019 to 2025

	Unit	LOM Average	Total	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Summary										
Production										
5 year mine life										
Total ore stacked	000 t	1,582	7,909	0	1,584	1,584	1,584	1,584	1,573	0
Total ore mined	tpd	4,334	21,669	0	4,340	4,340	4,340	4,340	4,310	0
Gold										
Total gold grade stacked	g/mt	0.65		0.00	1.25	0.69	0.36	0.40	0.56	0.00
Total gold recovery	%	64.0%		0.0%	64.0%	64.0%	64.0%	64.0%	64.0%	64.0%
Total gold production	000 oz	18	106	0.0	22.4	29.6	17.1	12.4	15.7	9.1
Silver										
Total silver grade stacked	g/mt	14.75		0.00	19.81	14.18	18.34	11.52	9.92	0.00
Total silver recovery	%	59.0%		0.0%	59.0%	59.0%	59.0%	59.0%	59.0%	59.0%
Total silver production	000 oz	369	2,215	0.0	336.3	499.6	496.7	435.4	317.8	128.7
Costs										
Operating cost per tonne stacked	US\$/t	10		\$0.00	\$11.03	\$9.37	\$10.96	\$10.21	\$10.11	\$0.00
Total Cash cost per oz (net of byproduct)	US\$/oz	533		\$0	\$500	\$174	\$551	\$735	\$703	(\$204)
Financial										
Gold price	US\$/oz	\$1,326		\$1,406	\$1,438	\$1,388	\$1,250	\$1,250	\$1,250	\$1,250
Gold price	US\$/oz	\$20		\$22.25	\$22.50	\$22.88	\$18.00	\$18.00	\$18.00	\$18.00
Total revenue	US\$m	\$31	185	\$0.0	\$39.8	\$52.5	\$30.3	\$23.3	\$25.3	\$13.7
Total Op costs	US\$m	\$16	82	\$0.0	\$17.5	\$14.8	\$17.4	\$16.2	\$15.9	\$0.0
Total capex	US\$m	\$6	32	\$28.2	\$1.0	\$1.0	\$1.0	\$1.0	\$0.0	\$0.0
Total free cash flow	US\$m	\$12	74	-\$28.2	\$16.3	\$25.9	\$9.7	\$5.3	\$8.1	\$8.7

Source: Company reports, Macquarie Research, October 2016

Rye Patch Gold (RPM CN, Outperform, Target price: C\$0.65)

Income Statement	Unit	2015	2016E	2017E	2018E	2019E
Total revenue	US\$m	6	17	153	147	143
Operating expenses	US\$m	0	14	90	93	97
Operating margin	US\$m	6	3	62	54	45
Depreciation	US\$m	0	1	31	31	32
Exploration	US\$m	4	1	3	4	1
EBT	US\$m	0	(2)	22	13	7
Total tax	US\$m	0	(1)	6	3	2
Net Income	US\$m	0	(2)	16	10	5
Adjusted EBITDA	US\$m	(0)	(1)	56	46	40
Adjusted Net Income	US\$m	0	(3)	22	13	7
Adj. EPS FD	US\$	0.00	(0.01)	0.06	0.03	0.02

Cash Flow Statement	Unit	2015	2016E	2017E	2018E	2019E
Cash flow from Operations	US\$m	0	6	39	43	39
Cash flow from investing	US\$m	(2)	(55)	(31)	(5)	(51)
Cash flow from financing	US\$m	(0)	83	(9)	(9)	(9)
Net change in cash	US\$m	(2)	33	(0)	28	(21)
CFPS FD	US\$	0.00	(0.00)	0.12	0.10	0.09

Balance Sheet	Unit	2015	2016E	2017E	2018E	2019E
Cash and equivalents	US\$m	4	37	36	64	43
Working Capital	US\$m	5	22	38	55	32
Debt	US\$m	0	36	27	18	9
Total S/H equity	US\$m	13	57	73	83	88
Enterprise Value	US\$m	61	64	56	18	31

Price assumptions	Unit	2015	2016E	2017E	2018E	2019E
Gold	US\$/oz	1,411	1,266	1,232	1,303	1,339
Silver	US\$/oz	23.84	19.08	16.94	19.01	20.53
USD/CAD		1.05	1.10	1.25	1.39	1.39
Production (attributable basis)	Unit	2015	2016E	2017E	2018E	2019E
Florida Canyon (100%)	000oz	0	6	76	73	73
Total Gold Production	000oz	0	6	76	73	73
Gold AISC	US\$/oz	0	0	778	827	879

Valuation (Macq Deck)	Unit	2015	2016E	2017E	2018E	2019E
PE	x	NMF	NMF	3.6	5.9	11.0
PCF	x	NMF	NMF	1.7	1.9	2.1
EV/EBITDA	x	NMF	NMF	0.9	1.1	1.2
PNAV	x	0.31				

NAV Breakdown (5% discount)	US\$m	US\$ / Sh	C\$ / Sh	% Total
Near Term Production (DCF)				
Florida Canyon (NV, 100%) - NPV5%	154	0.40	0.53	66%
Advanced Dev/Expl Assets (DCF / (Comparative analysis))				
Lincoln Hill (NV, 100%) - NPV5%	34	0.09	0.12	14%
Wilco (NV, 40%) - 0.8mozAgEq @ \$20.0/oz	17	0.04	0.06	7%
Other Mineral Assets				
Rochester NSR (3.4%) - NPV5%	6	0.02	0.02	2%
Oreana Trend Land Package (NV, 100%) - 18000ha @ \$1200/ha	22	0.06	0.07	9%
Golden Gate Pass (NV, 100%) - 1030ha @ \$2000/ha	2	0.01	0.01	1%
Total Mineral Asset NAV	234	0.60	0.80	100%
Cash from ITM O/W	4.5	0.01	0.02	
Cash (YE17)	27.1	0.07	0.09	
Debt (YE17)	(20.2)	(0.05)	(0.07)	
Total Non-Operating NAV	11	0.03	0.04	
Net Asset Value	245	0.63	0.84	

Source: Company data, Macquarie Research, October 2016

Stocks mentioned:

Midas Gold (MAX CN, C\$0.87, Outperform, TP: C\$2.00)

Roxgold (ROG CN, C\$1.45, Outperform, TP: C\$2.15)

Richmont Mines (RIC CN, C\$11.53, Outperform, TP: C\$16.00)

Teranga Gold (TGZ CN, C\$1.04, Outperform, TP: C\$1.50)

Pan African Resources (PAF LN, £0.20, Outperform, TP: £0.24)

Perseus Mining (PRU CN, C\$0.49, Outperform, TP: C\$0.89)

Saracen Mineral Holdings (SAR AU, A\$1.15, Underperform, TP: A\$1.40)

Doray Minerals (DRM AU, A\$0.59, Underperform, TP: A\$0.60)

Medusa Mining (MML AU, A\$0.62, Neutral, TP: A\$0.60)

Beadell Resources (BDR AU, A\$0.41, Outperform, TP: A\$0.50)

St Barbara (SBM AU, A\$2.48, Outperform, TP: A\$3.70)

Important disclosures:

Recommendation definitions

Macquarie - Australia/New Zealand

Outperform – return >3% in excess of benchmark return
 Neutral – return within 3% of benchmark return
 Underperform – return >3% below benchmark return

Benchmark return is determined by long term nominal GDP growth plus 12 month forward market dividend yield

Macquarie – Asia/Europe

Outperform – expected return >+10%
 Neutral – expected return from -10% to +10%
 Underperform – expected return <-10%

Macquarie – South Africa

Outperform – expected return >+10%
 Neutral – expected return from -10% to +10%
 Underperform – expected return <-10%

Macquarie - Canada

Outperform – return >5% in excess of benchmark return
 Neutral – return within 5% of benchmark return
 Underperform – return >5% below benchmark return

Macquarie - USA

Outperform (Buy) – return >5% in excess of Russell 3000 index return
 Neutral (Hold) – return within 5% of Russell 3000 index return
 Underperform (Sell) – return >5% below Russell 3000 index return

Volatility index definition*

This is calculated from the volatility of historical price movements.

Very high–highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 30–40% in a year.

Low–medium – stock should be expected to move up or down at least 25–30% in a year.

Low – stock should be expected to move up or down at least 15–25% in a year.

* Applicable to Asia/Australian/NZ/Canada stocks only

Recommendations – 12 months

Note: Quant recommendations may differ from Fundamental Analyst recommendations

Financial definitions

All "Adjusted" data items have had the following adjustments made:

Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense
 Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit / efpowa*

ROA = adjusted ebit / average total assets

ROA Banks/Insurance = adjusted net profit / average total assets

ROE = adjusted net profit / average shareholders funds

Gross cashflow = adjusted net profit + depreciation

*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions – For quarter ending 30 September 2016

	AU/NZ	Asia	RSA	USA	CA	EUR	
Outperform	47.26%	55.50%	38.46%	45.47%	59.09%	48.21%	(for US coverage by MCUSA, 8.20% of stocks followed are investment banking clients)
Neutral	38.01%	29.31%	42.86%	48.77%	37.88%	36.79%	(for US coverage by MCUSA, 8.25% of stocks followed are investment banking clients)
Underperform	14.73%	15.19%	18.68%	5.76%	3.03%	15.00%	(for US coverage by MCUSA, 8.00% of stocks followed are investment banking clients)

Company-specific disclosures:

RPM CN: MACQUARIE CAPITAL MARKETS CANADA LTD./MARCHÉS FINANCIERS MACQUARIE CANADA LTÉE. or one of its affiliates managed or co-managed a public offering of securities of Rye Patch Gold Corp in the past 12 months, for which it received compensation. Macquarie Group Limited together with its affiliates beneficially owns 1% or more of the equity securities of Rye Patch Gold Corp. The primary analyst for Rye Patch Gold has visited its material operations and development assets within the past year; the company has furnished local transportation and accommodations as part of these site visits.

Important disclosure information regarding the subject companies covered in this report is available at www.macquarie.com/research/disclosures.

Date	Stock Code (BBG code)	Recommendation	Target Price
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Target price risk disclosures:

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Research

Heads of Equity Research

Peter Redhead (Global - Head)	(852) 3922 4836
Christine Farkas (US)	(1 212) 231 6668
Greg MacDonald (Canada)	(1 416) 628 3934

Consumer

Chad Beynon (Head of US Consumer)	(1 212) 231 2634
Bob Summers (New York)	(1 212) 231 1072
Laurent Vasilescu (New York)	(1 212) 231 8046

Emerging Leaders – Consumer Discretionary

Matthew Brooks (Boca Raton)	(1 215) 255 1064
-----------------------------	------------------

Energy

Oil & Gas

Vikas Dwivedi (Head of Oil & Gas, Global Energy Strategist)	(1 713) 275 6352
Iain Reid (London)	(44 20) 3037 2119

US Exploration & Production

Paul Grigel (Denver)	(1 303) 952 2754
----------------------	------------------

US Refining

Vikas Dwivedi (Head of Oil & Gas, Global Energy Strategist)	(1 713) 275 6352
---	------------------

Oilfield Services

Walt Chancellor (Houston)	(1 713) 275 6230
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International/Canadian Oil & Gas Producers

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John Moran (Denver)	(1 212) 231 0662
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Danny Moran (New York)	(1 212) 231 0698

Transports & Logistics

Kelly Dougherty (New York)	(1 212) 231 2493
Konark Gupta (Toronto)	(1 416) 848 3539

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Aldo Mazzaferro (New York)	(1 212) 231 0693
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Anthony Young (Boca Raton)	(1 212) 231 2612
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Michael Siperco (Toronto)	(1 416) 848 3520
Michael Gray (Vancouver)	(1 604) 639 6372

Technology

Gus Papageorgiou (Toronto)	(1 416) 848 3512
----------------------------	------------------

TMET

Telecommunications

Amy Yong (New York)	(1 212) 231 2624
Greg MacDonald (Toronto)	(1 416) 628 3934

Cable, Satellite & Entertainment

Amy Yong (New York)	(1 212) 231 2624
Andrew DeGasperi (New York)	(1 212) 231 0649

Internet

Ben Schachter (New York)	(1 212) 231 0644
Tom White (New York)	(1 212) 231 0643

Media & Entertainment

Tim Nollen (New York)	(1 212) 231 0635
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Software

Sarah Hindlian (New York)	(1 212) 231 1371
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Utilities & Alternative Energy

Angie Storzynski (Head of US Utilities & Alternative Energy)	(1 212) 231 2569
Andrew Weisel (New York)	(1 212) 231 1159

Commodities & Precious Metals

Colin Hamilton (Global)	(44 20) 3037 4061
Jim Lennon (London)	(44 20) 3037 4271

Economics and Strategy

David Doyle (Toronto)	(1 416) 848 3663
-----------------------	------------------

Quantitative Analysis

Gurvinder Brar (Mumbai)	(9197) 8055 5902
Steve Gao (London)	(44 20) 3037 2765
Giuliano De Rossi (London)	(44 20) 3037 1997

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Email addresses

FirstName.Surname@macquarie.com
eg. peter.redhead@macquarie.com

Equities

Head of Global Cash Equities

Mark Duncan	(852) 3922 5888
-------------	-----------------

Head of US Equities

David McShane (New York)	(1 212) 231 1854
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Head of Canadian Equities

David Washburn (Toronto)	(1 416) 848 3631
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US Sales

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Jeff Evans (Boston)	(1 617) 598 2508

Canada Sales

David Ricciardelli (Toronto)	(1 416) 572 7150
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US Sales Trading

J.T. Cacciabauda (New York)	(1 212) 231 6381
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Canada Trading

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International Sales Trading

Mike Gray (New York)	(1 212) 231 0928
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