

03 October 2024

## Western Queen Getting Lined Up

### NEED TO KNOW

- Strategic investor (BGR) subscribes for A\$1m in Rumble
- BGR looking to expand contracting business into Australia
- Cash injection at right time for RTR

**Strategic investor (Bain Resources) subscribes for A\$1m in RTR:** Bain Resources, a company within the large Indian mining contractor group BGR Mining and Infra Limited (BGR), has become a strategic shareholder in Rumble (RTR), subscribing for 25m RTR shares at A\$0.04 for a total investment of \$1m.

**BGR is a major player in the Indian mining industry, potential partner for Western Queen:** BGR has executed more than 50 projects and currently has an order book of close to US\$11 billion. BGR has a strong balance sheet and is actively exploring opportunities to expand internationally, targeting markets with growing demand for mining services and infrastructure development. We believe BGR has potential to be a partner in RTR's Western Queen (WQ) project, for which RTR is seeking a partner to fund the development in exchange for a profit share.

**Cash injection at the right time:** RTR's cash balance at 30 June was A\$2.3m, which included the funds received from a placement (A\$1.1m) and a renounceable rights issue of A\$1.041m. The rights issue had a shortfall of A\$1.9m. BGR bought its A\$1m stake at the same price as the placement and rights issue. This covers a significant amount of the shortfall, giving RTR more financial flexibility.

### Investment Thesis

**Significant near-term cash flow potential at WQ:** WQ has permits in hand, nearby processing infrastructure and high-grade mineralisation. Progress toward production and cash flow within 12 months are major stock catalysts.

**Earaheedy, the main game – a potential long-life zinc producer and company maker for RTR:** This significant, potentially world-class zinc-lead-silver project is one of the world's largest recent zinc discoveries. This unique greenfield zinc-dominant sulphide resource provides for a potential large-scale, low-cost, open-pit operation supplying high-quality zinc concentrates to export markets and generating long-term cashflows. Progress towards production remains a key catalyst for RTR.

**Exploration potential provides further catalysts:** RTR has a strong track record in exploration, not least due to Earraheedy's discovery. WQ shows strong potential for further high-grade gold and tungsten discoveries. Other metals projects provide further exploration upside.

### Valuation: A\$0.16/share

Our valuation is driven by our risked NPVs for Earraheedy and WQ. We expect strong share price upside; milestones include Earraheedy metallurgical results and WQ increased resources and potential JV agreement.

### Risks

Short-term funding, delays in WQ production, poor metallurgical results for Earraheedy and low zinc prices delaying the Earraheedy development.

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### Equity Research Australia

#### Materials

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Rumble Resources (RTR) is a Western Australian-based explorer and developer, focused on generating near-term cash flow by the development of the Western Queen gold project and creating long-term value via the advancement of the large, world-class Earraheedy zinc / lead / silver project. RTR also has further options covering precious and base metals, including strategically important tungsten.

Valuation	<b>A\$0.160</b> (unchanged)
Current price	<b>A\$0.045</b>
Market cap	<b>A\$35m</b>
Cash on hand	<b>A\$2.3m</b> (30 June 24)

### Additional Resources

#### Upcoming Catalysts / Next News

Period	
October 2024	Metallurgical results – Earraheedy
2HCY24	Gold resource update – WQ
2HCY24	Secure JV partner – WQ
2HCY24	Further tungsten results – WQ

### Share Price (A\$)



Source: FactSet, MST Access

Figure 1: Financial summary – June year-end (A\$)

RUMBLE RESOURCES LIMITED							RTR-AU
<b>MARKET DATA</b>							<b>12-Month Relative Performance vs S&amp;P/ASX Metals &amp; Mining</b> 
Share Price	A\$/sh	0.045					
52 week high/low	A\$/sh	0.115-0.032					
Valuation	A\$/sh	0.16					
Market Cap (A\$m)	A\$m	34					
Net Cash / (Debt) (A\$m)	A\$m	2					
Enterprise Value (A\$m)	A\$m	32					
Shares on Issue	m	756					
Options/Performance shares	m	12					
Other Equity	m	1,119					
Potential Diluted Shares on Issue	m	1,887					
<b>INVESTMENT FUNDAMENTALS</b>							
		FY22A	FY23A	FY24E	FY25E	FY26E	
Reported NPAT	A\$m	(3)	(5)	(5)	(6)	9	
Underlying NPAT	A\$m	(3)	(5)	(5)	(6)	9	
EPS Reported (undiluted)	¢ps	(0.5)	(0.8)	(0.8)	(0.7)	0.9	
EPS Underlying (undiluted)	¢ps	(0.5)	(0.8)	(0.8)	(0.7)	0.9	
Underlying EPS Growth	%	0.0%	n/m	n/m	n/m	n/m	
P/E Reported (undiluted)	x	n/m	n/m	(5.8)	(6.9)	4.8	
P/E Underlying (undiluted)	x	n/m	n/m	(5.8)	(6.9)	4.8	
Operating Cash Flow / Share	A¢	(0.08)	(0.80)	(0.50)	(0.57)	1.59	
Price / Operating Cash Flow	x	(58.8)	(5.6)	(9.0)	(8.0)	2.8	
Free Cash Flow / Share	A¢	(3.53)	(2.33)	(1.62)	(1.10)	1.28	
Price / Free Cash Flow	x	n/m	n/m	(0.0)	(0.0)	0.0	
Free Cash Flow Yield	%	n/m	n/m	n/m	n/m	28.4%	
Book Value / Share	A\$	0.09	0.08	0.08	0.06	0.08	
Price / Book	x	0.51	0.56	0.59	0.69	0.54	
NTA / Share	A\$	0.09	0.08	0.08	0.06	0.08	
Price / NTA	x	0.51	0.56	0.59	0.69	0.54	
Year End Shares	m	621	627	756	956	956	
Market Cap (spot)	A\$m	28	28	34	43	43	
Net Cash / (Debt)	A\$m	18	4	2	2	14	
Enterprise Value	A\$m	10	24	32	41	29	
EV / EBITDA	x	n/m	n/m	n/m	n/m	2.1x	
Net Debt / Enterprise Value		(0.6)	(0.1)	(0.1)	(0.1)	(0.4)	
Dividend per share	A¢	0	0	0	0	0	
<b>Profit &amp; Loss (A\$m)</b>							
		FY22A	FY23A	FY24E	FY25E	FY26E	
Revenue		-	-	-	-	42	
Expenses		(3)	(5)	(5)	(6)	(27)	
<b>EBITDA</b>		<b>(3)</b>	<b>(5)</b>	<b>(5)</b>	<b>(6)</b>	<b>15</b>	
D&A		(0)	(0)	(0)	(0)	(2)	
<b>EBIT</b>		<b>(3)</b>	<b>(5)</b>	<b>(6)</b>	<b>(6)</b>	<b>13</b>	
Interest		0	0	0	0	0	
<b>Profit Before Tax</b>		<b>(3)</b>	<b>(5)</b>	<b>(6)</b>	<b>(6)</b>	<b>13</b>	
Tax		-	-	-	-	(4)	
<b>NPAT</b>		<b>(3)</b>	<b>(5)</b>	<b>(5)</b>	<b>(6)</b>	<b>9</b>	
Exceptionals		-	-	-	-	-	
<b>Reported Profit</b>		<b>(3)</b>	<b>(5)</b>	<b>(5)</b>	<b>(6)</b>	<b>9</b>	
<b>Balance Sheet (A\$m)</b>							
		FY22A	FY23A	FY24E	FY25E	FY26E	
Cash		18	4	2	2	14	
Receivables		1	0	0	0	3	
Inventory		-	-	-	-	2	
PP&E		0	0	9	14	15	
Exploration & Other		39	49	49	49	49	
<b>Assets</b>		<b>58</b>	<b>54</b>	<b>61</b>	<b>65</b>	<b>84</b>	
Creditors		3	3	3	3	3	
Debt		-	-	-	-	-	
Leases		0	0	0	0	0	
Provisions		0	0	0	0	0	
Other		-	-	-	-	-	
<b>Liabilities</b>		<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	
<b>Net Assets</b>		<b>55</b>	<b>51</b>	<b>58</b>	<b>62</b>	<b>80</b>	
<b>Cashflow (A\$m)</b>							
		FY22A	FY23A	FY24E	FY25E	FY26E	
Cash From Operations		(2)	(5)	(4)	(6)	15	
Interest		0	0	0	0	0	
Tax		-	-	-	-	-	
<b>Net Cash From Operations</b>		<b>(0)</b>	<b>(5)</b>	<b>(4)</b>	<b>(5)</b>	<b>15</b>	
Capex		(0)	(0)	(0)	(0)	(1)	
Exploration		(22)	(10)	(9)	(5)	(3)	
Investments		0	0	0	-	-	
<b>Free Cash Flow</b>		<b>(22)</b>	<b>(15)</b>	<b>(12)</b>	<b>(11)</b>	<b>12</b>	
Equity		0	1	10	10	-	
Borrowings		-	-	-	-	-	
Dividend		-	-	-	-	-	
<b>Net Increase / (Decrease) in Cash</b>		<b>(22)</b>	<b>(14)</b>	<b>(2)</b>	<b>(1)</b>	<b>12</b>	

Source: RTR, MST Access.

# Strategic Investor Takes A\$1m Stake in Rumble Resources

Bain Resources Holdings Limited, a company within the large Indian mining contractor group, BGR Mining and Infra Limited (BGR), has taken a strategic investment in RTR. The investment is for A\$1m at A\$0.04 per share, the same price as RTR's June placement and renounceable rights issue.

## Who is BGR?

BGR is a major Indian company specialising in coal mining and infrastructure development. Founded over 35 years ago, BGR is a prominent player in India's coal mining sector. It operates across multiple locations in India, with 9 ongoing projects, including 4 mine developer and operator (MDO) projects.

BGR has a range of services, including coal mining, extraction, and environmental management. It is also involved in infrastructure sectors such as irrigation and road construction.

## Strong order book

BGR has executed more than 50 projects and currently has an order book of close to US\$11 billion to be executed over the next 25 years. The company has entered 4 long-term contracts, spanning 10–25 years, as an MDO for the supply of coal to West Bengal Power Development Corporation Limited, Odisha Coal & Power Ltd, NTPC Limited and Vedanta Limited. BGR enters into firm agreements with annual target supply.

## Brief financial overview

### Revenue and profitability<sup>(1)</sup>

BGR reported improved financial performance in FY2023, driven by rising demand in the coal sector in India. The company posted revenue of US\$344m, a 20% increase from FY2022. Profitability also improved, with profit after tax increasing from US\$15m in FY2022 to US\$61m in FY2023. The company's NPAT margin expanded from 5.32% to 17.79%, reflecting enhanced operational efficiency and favourable project terms. This growth was underpinned by the successful execution of contracts and strong demand for coal-related services.

### Balance sheet<sup>(1)</sup>

BGR's cash position was US\$27m at the end of FY2023. The company has worked to reduce its debt, with a net debt position of approximately US\$47m, down from \$57m in FY2022. Net assets stood at US\$158m, up from US\$130m in FY2022.

(1) Source: CRISL ratings

## Overseas expansion aspirations

BGR's past moves into regions such as Mozambique demonstrate it is actively exploring opportunities to expand internationally and targeting regions with growing demand for mining services and infrastructure development.

We see the reasons for expanding overseas including:

- revenue diversification: The company seeks to reduce its dependence on the Indian coal sector, which faces regulatory and environmental challenges
- growth in emerging markets
- leveraging expertise: BGR's success in large, complex projects in India positions it well to compete internationally, where similar operational capabilities are in demand.

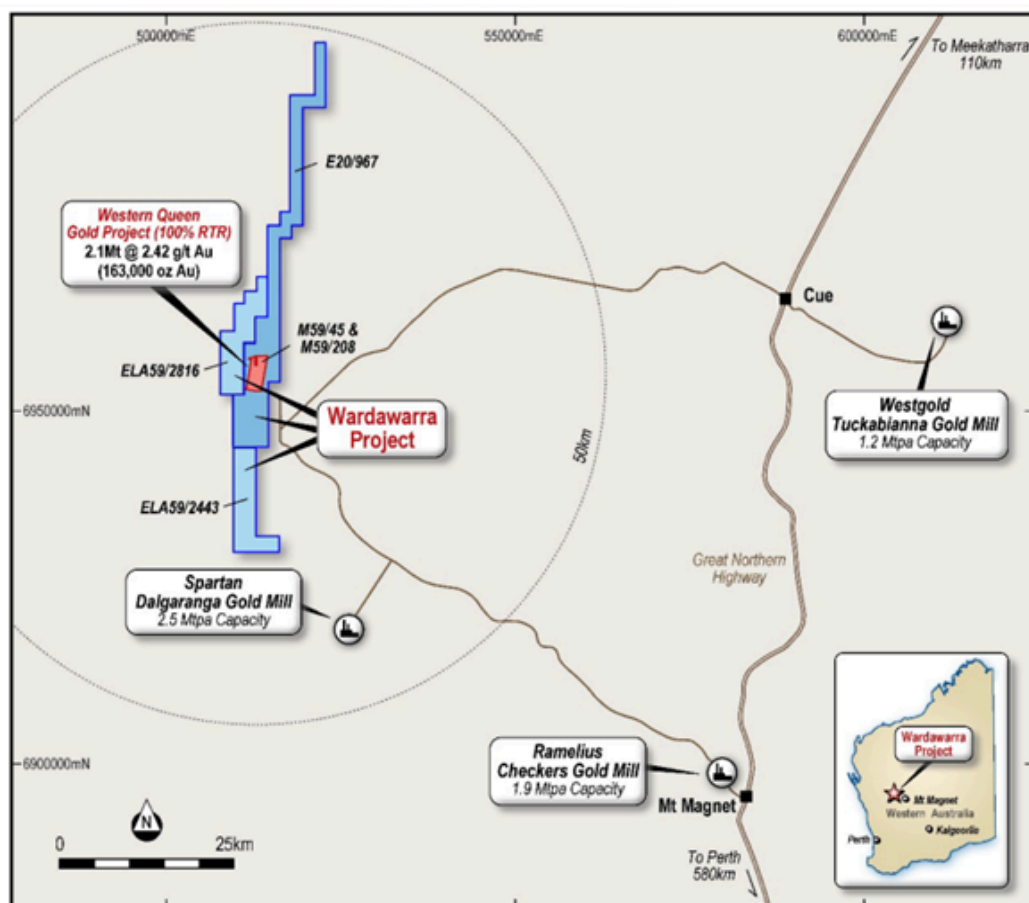
BGR states that "We envision BGR becoming the most trusted and preferred Mining Company Globally" and we expect to see them pursue a partnership-driven approach in international markets, focusing on joint ventures with local firms to mitigate operational risks and accelerate its entry into these regions.

## BGR Investment Aligns with RTR's Western Queen Strategy

### WQ strategy – the right partner could fast track development

RTR's immediate focus is the Western Queen (WQ) gold deposit, located near Spartan's Dalgaranga mill (48km) and within trucking distance of Westgold's Tuckabianna mill and Ramielius's Checkers mill (~100km). WQ is a brownfield high-grade gold asset. Historical open-pit and underground production delivered 880kt @ 7.6g/t (215koz) which was processed at nearby mills.

Figure 2: Location of Western Queen Gold Project



Source: RTR.

During prior operations, the mine produced 880kt of ore @ 7.6g/t gold (215koz gold). The project once again looks attractive given recent significant gold price strength.

WQ has the potential to recommence operations in a short period of time – RTR is working toward Western Queen South being in production within 12 months given the benefits of existing permitting, nearby processing infrastructure and high-grade mineralisation.

The previously mined project retains many of the necessary permits to recommence mining. This is a significant benefit, as these permits can be very time consuming to obtain for greenfield projects. Furthermore, with the potential to toll process ore at one of the nearby existing mills, management believes that the project could get back into production within 12 months.

The company is looking to develop the asset with a partner – most likely a mining contractor – which could fast track production. RTR notes that similar arrangements are becoming more commonplace in the industry with projects similar to WQ, where contractors provide their mobile equipment, capital and expertise to develop orebodies in return for a share of profits. RTR believes this model is highly suited for WQ and has already commenced discussions with potential mining contractor partners.

RTR has indicated that, by bringing the project online with the right partner, RTR may not have to borrow money or raise equity to fund the development. This suggests the potential for a JV arrangement whereby RTR is free carried through to cashflows. We see significant scope for reinvestment in exploration at WQ to make new discoveries and extend the project life.

## Aligning with BGR

BGR is actively exploring opportunities to expand internationally, with a strong balance sheet with capacity to invest. We see potential for BGR to be a partner in RTR's WQ project and estimate the capital requirement for WQ initial development to be around A\$20m. We view the investment in RTR as a strong indication of BGR's potential interest to participate in the WQ project.

## Timely Injection of Cash

RTR's cash balance at 30 June was A\$2.3m, which included the funds received from a placement (A\$1.1m) and a renounceable rights issue of A\$1.041m. There was a shortfall of A\$1.9m from the rights issue.

Bain Resources has purchased its A\$1m stake at the same price as the placement and rights issue. This purchase covers a significant amount of the shortfall, giving RTR more financial flexibility.

The injection of A\$1m into RTR will assist in delivering near-term plans for RTR.

## Plans for Western Queen

### Near-term plans

RTR is now looking to:

- recut the existing 2.1Mt @ 2.42g/t Au resource (done at A\$2,700/oz gold) at current gold prices
- invest in exploration along the 2.7km of strike and at depth
- target near-term recommencement of mining with a JV partner (such as BGR)
- further analyse the historical reverse circulation (RC) and diamond drilling library for tungsten, which will likely constitute the bulk of the data required to classify an initial resource estimate, if one can be determined.

### Future growth

**Gold:** RTR recently completed a program of drilling, targeting depth extensions at Western Queen South. The program was successful in returning new gold hits, indicating the presence of more mineralisation at depth as well as a potential new parallel lode.

Excellent potential also exists between the Western Queen South and Central open pits and regionally to the north along the largely untested Western Queen Shear Zone.

**Tungsten:** Additional upside exists for tungsten, with early bonanza grades from drilling and further tungsten revealed through recent assaying of drill pulp samples.

## Plans for Earraheedy

### Near-term plans

Over the next 12 months, RTR will:

- complete detailed metallurgy testwork, with a focus on potential ore upgrading techniques (beneficiating and upgrading the significant amount [ $>300\text{Mt}$ ] of lower-grade material outside of the reported higher-grade resource) and flotation metal recoveries to the bulk concentrate. This testwork has been completed on the Earraheedy ore types, with results due to be reported in the December 2024 quarter
- optimise the current project scope and complete an internal scoping study. Earlier work highlighted excellent recoveries of ~90% and clean and marketable concentrate grades up to 59% Zn at coarse (150 micron) grind sizes, which would likely equate to lower capex and opex costs through a simple conventional process circuit
- utilise the study to establish partnerships with larger resource and/or trading companies who can bring financial clout to develop the project.

### Future growth

- Less than 30% of the total 70km of strike of the shallowly dipping rocks that host the resource have undergone drill testing, and an opportunity remains to extend and/or upgrade the open-pit constrained resource with further exploration.

# Thesis Recap: Potential Near-Term Cashflow from WQ

## Multi-project portfolio: near-term cash and long-term potential

As a refresher, RTR has two key projects, both located in Western Australia (WA): the Western Queen (WQ) gold project and the Earraheedy polymetallic zinc–lead–silver project.

### The near-term catalyst – WQ: near-term cash potential...and tungsten

RTR's immediate focus is the WQ gold deposit, located near Spartan's Dalgaranga mill (48km) and within trucking distance of Westgold's Tuckabianna mill and Ramelius's Checkers mill (~100km). WQ is a brownfield high-grade gold asset. Historical open pit and underground production delivered 880kt @ 7.6g/t (215koz) which was processed at nearby mills.

The WQ gold deposit has the potential to recommence operations in a short period of time – RTR is working toward WQ being in production within 12 months given the benefits of existing permitting, nearby processing infrastructure and high-grade mineralisation.

As discussed, the company is looking to develop the asset with a partner, and has started discussions with potential partners (mining contractors) with the objective of establishing an arrangement whereby WQ can be brought back into production with **no capital required from RTR**. Recent drilling results have shown potential for a high-grade tungsten resource, with further testing of historical drilling data to be conducted.

### The potential company maker and the main game – Earraheedy

RTR is also advancing the globally significant and world-class Earraheedy zinc–lead–silver project, a very large-scale, low-cost, open-pit project with detailed metallurgy underway. It hosts a large-scale resource of 94Mt grading 3.1% Zn + Pb and 4.1g/t Ag at a 2% Zn + Pb cut-off. The project is ideally located in WA with potential access to export concentrate markets via Geraldton or Port Hedland.

Earraheedy represents a unique zinc-dominated greenfield resource discovery with vast potential given the long strike zone and shallow nature of the current sulphide resource (150–200m deep and pit constrained) which provides scope for a potential large-scale, low-cost, open-pit operation supplying high-quality zinc concentrates (with potential lead and silver byproduct credits) to export markets.

The discovery, one of the largest zinc discoveries globally in recent years, was originally made in April 2021 and advanced to a maiden resource within 2 years.

A large part of the project is 75%-owned by RTR (25% Zenith Minerals [ASX: ZNC]). RTR also owns a 20% strike extension of the project on a 100% basis. RTR is the operator of the project.

## Exceptional, exploration-focused leadership at the helm

Led by small resources company veteran Peter Harold (MD and CEO), RTR's very experienced team of exploration-focused mining industry professionals includes Peter Venn, Brett Keillor and an exceptional exploration team who are well known and highly regarded in the sector. The board has a strong cross-section of skills, including extensive experience in engineering and commercial.

## Upcoming catalysts

- Secure potential development partner at WQ in order to have production within 12 months
- FID at WQ
- Further assessment of historical drilling data for tungsten
- Potential high-grade tungsten Mineral Resource at WQ
- Metallurgical results at Earraheedy (due October 2024)
- Internal scoping study at Earraheedy (commencing soon)
- Prices: improvement in zinc prices, further gold price increases

## Valuation: A\$0.16/Share (Unchanged) – DCF-Driven SOTP

### SOTP valuation driven by Earraheedy and Western Queen

We value RTR using a sum-of-the-parts (SOTP) methodology. Our base-case risked NPV-based valuation for RTR is A\$0.16/share on a fully diluted basis.

#### Methodology – risked NPV of A\$0.16/share

The most material component of our overall valuation is the Earraheedy Project, which we value using discounted cash flow (DCF). We add this to our WQ valuation, which we separately value also using a DCF. We also include our estimate of A\$25m for the remaining assets in the RTR portfolio. These three components are the key constituents of our overall SOTP-based valuation (see Figure 3).

Our risked NPV includes a 50% probability for Earraheedy and a 75% probability for WQ.

We have included a final project funding equity raising for Earraheedy, based on the assumption that RTR will sell down and retain a 50% interest of its current 75% stake. We assume RTR has a 50% interest in WQ in return for free-carry on capital expenditure, which is to be funded by the JV partner in full (likely a mining contractor).

We believe RTR shares are currently trading at a substantial discount to fair value based on our assessment of the fundamental value of the key projects, Earraheedy and WQ, as well as broader portfolio optionality.

Figure 3: RTR valuation summary – sum of the parts calculation

NPV OF PROJECTS	Unrisked A\$M Valuation 100%	Forecast Ownership (%)	Probability Weighting (Risk) (%)	Risked A\$M Valuation	Equity Value A\$/Share Fully Diluted	Valuation Methodology
Earraheedy Zinc/Lead Project	1,017	37.5%	50%	191	0.10	Risked Project NPV
Western Queen Gold Project	312	50%	75%	117	0.06	Risked Project NPV
Other Assets	25	100%	100%	25	0.01	MST Estimate
<b>ENTERPRISE NPV</b>	<b>1,354</b>			<b>333</b>	<b>0.17</b>	
Add: Cash	3			3	0.01	At 30 June 2024 plus BGR A\$1m
<b>EQUITY VALUE PRE SG&amp;A</b>	<b>1,357</b>			<b>336</b>	<b>0.18</b>	
SG&A	(30)			(30)	(0.02)	NPV of Corporate Costs
<b>EQUITY VALUE</b>	<b>1,327</b>			<b>306</b>	<b>0.16</b>	

Source: MST.

#### Key assumptions for Earraheedy DCF valuation

A lack of listed zinc development/exploration peers which are even broadly comparable with RTR means we have a relatively limited number of comparable peers from which to ascertain an appropriate EV/Resource target multiple. As a result, we have looked at an NPV valuation estimate of Earraheedy.

We highlight that our assumptions are based on high-level MST estimates with reference to the size of the current resource. The actual operational parameters under any future feasibility study may turn out to be significantly different to those assumed.

Our base-case DCF valuation is built upon a mine plan based on our assumptions which are highly conceptual in nature given the project's early stage. We have assumed the following:

- construction to take place in FY27, with the first full year of production in FY28
- 5Mtpa throughput capacity
- A\$700m capex
- 10-year mine life
- 135ktpa average Zn + Pb production (utilising 50% of current resource at a 2% cut-off grade)
- AISC of A\$1250/t (life-of-mine)
- 10% discount rate, 0.68 AUD/USD, zinc price of US\$3,500/t and lead price of US\$2,000/t

- funding assumptions including that the project is funded 65% debt and 35% equity, and that RTR retains 37.5% of the project by selling 50% of its 75% stake in the project, pre development, to a partner such as a large miner. We assume the capital raising is done at A\$0.10 per share (mid point between the current share price and our valuation and assuming share price appreciation from the advancement of Earahedy and delivery of WQ).

### Key assumptions for Western Queen DCF valuation

Our base-case DCF valuation is built upon a mine plan based on our assumptions which are highly conceptual in nature given the project's early stage. We have assumed the following:

- construction to take place in FY25, with the first full year of production in FY26
- 1Mtpa throughput capacity
- \$20m capex (but free carried for RTR)
- 10-year mine life
- 55kozpa average gold production
- AISC of A\$1,500/oz (life-of-mine).

Our valuation incorporates the benefit of additional exploration upside, and we have assumed the project has a reserve of 550koz of gold to support its 10-year mine life.

### An alternative valuation for Western Queen: EV/Resources

#### Resource expansion to 500koz – WQ equals RTR's current market cap

The WQ project has a Mineral Resource. A common tool used to assess the value of mining companies in their pre-production phase is to compare the enterprise value (EV) to the resource base to see what value the marketplaces on the company's resource and its potential. WQ has a 163koz gold resource.

We have compared the EV/Resource valuations for similar WA gold companies to obtain an alternative valuation for WQ, based on the market multiples paid for similar projects.

The average multiple paid for the selected assets is A\$72/oz. Using this multiple, the WQ asset has a valuation of \$11.7m. This compares to RTR's EV of A\$31m. If RTR were to expand WQ to a 500koz resource, the value would be A\$36m – approximately A\$5m greater than the EV of RTR at present, or approximately equal to the market cap.

**Figure 4: Comparable companies for EV/Resource calculation (A\$/oz)**

Ticker	Company	EV/Resource
AUN	Aurumin	24
RXL	Rox Resources	24
FML	Focus Minerals	30
TBR	Tribune Resources	30
STN	Saturn Metals	37
AUC	Ausgold	45
BTR	Brightstar Resources	45
AME	Alto Metals	52
YRL	Yandal Resources	52
BC8	Black Cat Syndicate	82
BCN	Beacon Minerals	152
AWJ	Auric Mining	179
OAU	Ora Gold	187
	<b>Average</b>	<b>72</b>

Source: Goldnerds.



## **Positive catalysts for share price and valuation: JV at Western Queen, positive scoping study at Earraheedy**

There are numerous potential positive near-term catalysts ahead for RTR that could unlock share price and valuation upside and de-risk our valuation assumptions. We highlight a number of key milestones/catalysts which may deliver valuation upside over the near term.

### **Secure JV partner at Western Queen**

RTR has already commenced discussions with potential JV partners at WQ, in particular mining contractors who may be able to get the mine back into production with no capital commitment required from RTR in return for a share of profits. Confirmation of any such agreement would start the clock towards first production and cash flows at WQ.

### **New discoveries or high-grade extensions at Western Queen**

Further exploration success at WQ would provide further optionality, as well as potentially improve the valuation if the grade and production profile can be increased as a result. The similarities of WQ to Spartan's Never Never discovery have been noted, and drilling at depth will look to further delineate the geology to test this thesis. WQ has limited drill testing at depth to date, and we see significant potential for success with further investment.

### **Tungsten opportunity at Western Queen**

Recent bonanza tungsten intercepts from a single hole at WQ have provided encouraging signs of a potential tungsten resource. Further drilling will be undertaken in time, and should this mineralisation broaden and form into a potential major discovery, it could provide material valuation upside for RTR as we include very little in this regard in the current valuation.

### **Early project delivery**

The early commencement of the projects relative to the currently outlined timeline of development would provide earlier cash flows and reflect positively on the management team, which would likely increase the valuation.

### **Secure a partner at Earraheedy**

Earraheedy is a large-scale project, and RTR has flagged that it will seek to develop it in partnership with a larger partner who can provide secure funding as well as other support. Any potential agreement with a credible partner would be a significant de-risking milestone for the project.

### **Positive metallurgical results at Earraheedy**

The company is in the process of finalising optimised metallurgical studies at Earraheedy. Strong results would provide more confidence around further advancing the project.

### **Commencement of scoping study at Earraheedy**

An internal scoping study is planned for Earraheedy once the final metallurgical results are received. This study would provide much more detail about the scope and timing of the project as well as preliminary economic assumptions. A positive scoping study would represent a significant potential catalyst for the stock, due to both the improved confidence it would provide on the project, as well as the ability to commence negotiations with potential partners.

### **Beneficiation studies at Earraheedy**

Beneficiation has been noted as a significant potential value additive initiative at Earraheedy in order to unlock the substantial resource inventory at lower cut-off grades. These studies are planned in parallel with the scoping study, and a positive outcome would potentially add a substantial amount of material to the mine plan, providing for longer-life operations or higher-grade mill feed.

### **Price increases in key commodities**

The valuation is sensitive to the underlying commodity prices (zinc and gold). Price increases would have a positive effect on the valuation and share price.

## **Risks to share price and valuation: funding and execution risks**

RTR's assets are all located in WA with beneficial access to existing critical infrastructure, and both key projects are simple/conventional in terms of mining/processing which provides tailwinds for the projects and an offset to the risk inherent to a mining development in general as well as project-specific risks that we have identified. The key risks to our valuation and share price are detailed below.

### **Delay in obtaining a development partner at Western Queen**

If RTR's discussions with potential development partners for WQ are delayed or unsuccessful, it would undermine the potential value that we see in WQ based on current assumptions.

### **Short-term funding**

The company had \$2.3m cash in the bank at 30 June. The A\$1m injection from BGR has reduced need for any short term funding, however there may be a need to raise further capital to provide for corporate overheads and advance strategic objectives sometime in FY25.

### **Earaheedy scoping study not proceeding**

The scoping study for the Earraheedy project is a significant de-risking event. The inability to advance this study to completion (e.g. from lack of funding or poor metallurgical study results) would impede the development of the project.

### **Funding risks for Earraheedy**

Earraheedy is a large-scale project and will likely require significant upfront capex. Without a strategic development partner, RTR would be unlikely to secure sufficient funding on its own to advance the project through to production. Even with a JV partner, RTR will require both debt and equity funding. The inability to complete a funding package would be a significant negative for RTR.

### **Project delivery delay**

Any later-than-expected commencement of the projects relative to the currently outlined timeline of development would provide delay cash flows and reflect negatively on the management team, which would likely decrease the valuation.

### **Price decreases in key commodities**

The valuation is sensitive to the underlying commodity prices (zinc and gold). Price decreases would have a negative effect on the valuation and share price.

### **Capital and operating cost increases**

Capital and operating cost increases have a negative impact on margins, cash flows and the valuation and would be a negative reflection on the company's management team.

### **Foreign exchange risk**

As most commodities are priced in USD, the company is exposed to fluctuations in the USD/AUD exchange rate.

## Personal disclosures

Michael Bentley received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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The companies and securities mentioned in this report, include:

Rumble Resources (RTR.ASX) | Price A\$0.045 | Valuation A\$0.160;

*Price and valuation as at 03 October 2024 (\* not covered)*

## Additional disclosures

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