

24 October 2024

## Western Queen Gets Bigger

### NEED TO KNOW

- 76% increase to Western Queen Mineral Resource Estimate (MRE)
- Potential for further increase in resource
- Major exploration program to start in November

**Substantial increase to MRE:** The latest MRE for the Western Queen Gold Project (WQ) has resulted in a 76% upgrade from the previous estimate in August 2021, reaching 286,600 ounces of gold at a grade of 2.02 g/t.

**Improved Indicated Resources - higher quality as well:** A key outcome of the MRE upgrade is the 142% increase in Indicated Resources, which now stand at 163,800 ounces of gold at 2.11 g/t or 56% of the total resource.

**Potential for further increase in resource with resource open in all directions; major exploration program about to commence;** Rumble has planned a program of up to 12,000m (RC and diamond) scheduled to begin in November 2024, which is focused on untested and underexplored areas, a portion of this drilling will be conducted under a "drill-for-equity" arrangement with contractors, minimising cash outflows.

### Investment Thesis

**Significant further resource increase and near cash flow potential at WQ:** WQ has permits in hand, nearby processing infrastructure and high-grade mineralisation. The near-term drilling program provides opportunity for further significant resource expansion. 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\$0.17/share

Our valuation is driven by our risked NPVs for Earraheedy and WQ. Our valuation has increased by A\$0.01 due to an increased probability weighting for WQ given the recent MRE upgrade and investment by BGR into RTR. We expect strong share price upside; milestones include Earraheedy metallurgical results and WQ drilling results and potential JV agreement.

### Risks

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

### 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\$0.170</b> (from A\$0.160)
Current price	<b>A\$0.051</b>
Market cap	<b>A\$40m</b>
Cash on hand	<b>A\$2.3m</b> (30 June 2024)

### Additional Resources

### Upcoming Catalysts / Next News

Period	
2HCY24	Metallurgical results – Earraheedy
2HCY24	Secure JV partner – WQ
2HCY24	Drilling program 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				0.051		
52 week high/low	A\$/sh				0.11-0.032		
Valuation	A\$/sh				0.17		
Market Cap (A\$m)	A\$m				40		
Net Cash / (Debt) (A\$m)	A\$m				3		
Enterprise Value (A\$m)	A\$m				37		
Shares on Issue	m				781		
Options/Performance shares	m				8		
Other Equity	m				1,119		
Potential Diluted Shares on Issue	m				1,908		
<b>INVESTMENT FUNDAMENTALS</b>							
		FY23A	FY24A	FY25E	FY26E		FY27E
Reported NPAT	A\$m	(5)	(4)	(6)	13	33	
Underlying NPAT	A\$m	(5)	(4)	(6)	13	33	
EPS Reported (undiluted)	¢ps	(0.8)	(0.5)	(0.6)	1.4	2.3	
EPS Underlying (undiluted)	¢ps	(0.8)	(0.5)	(0.6)	1.4	2.3	
Underlying EPS Growth	%	n/m	n/m	n/m	n/m	n/m	
P/E Reported (undiluted)	x	n/m	n/m	n/m	3.8	2.2	
P/E Underlying (undiluted)	x	n/m	n/m	n/m	3.8	2.2	
Operating Cash Flow / Share	A¢	(0.80)	(0.54)	(0.56)	1.60	2.01	
Price / Operating Cash Flow	x	(6.4)	(9.5)	(9.1)	3.2	2.5	
Free Cash Flow / Share	A¢	(2.33)	(1.56)	(1.10)	1.28	(12.07)	
Price / Free Cash Flow	x	n/m	(0.0)	(0.0)	0.0	(0.0)	
Free Cash Flow Yield	%	n/m	n/m	n/m	25.2%	n/m	
Book Value / Share	A\$	0.08	0.08	0.06	0.08	0.11	
Price / Book	x	0.63	0.67	0.79	0.62	0.46	
NTA / Share	A\$	0.08	0.08	0.06	0.08	0.11	
Price / NTA	x	0.63	0.67	0.79	0.62	0.46	
Year End Shares	m	627	756	956	956	1,875	
Market Cap (spot)	A\$m	32	39	49	49	96	
Net Cash / (Debt)	A\$m	4	2	2	14	(120)	
Enterprise Value	A\$m	28	36	47	35	216	
EV / EBITDA	x	n/m	n/m	n/m	2.4x	1.0x	
Net Debt / Enterprise Value		(0.1)	(0.1)	(0.1)	(0.4)	3.3	
Dividend per share	A¢	0	0	0	0	0	
<b>Profit &amp; Loss (A\$m)</b>							
		FY23A	FY24A	FY25E	FY26E	FY27E	
Revenue		-	-	-	42	87	
Expenses		(5)	(4)	(5)	(27)	(50)	
<b>EBITDA</b>		<b>(5)</b>	<b>(4)</b>	<b>(5)</b>	<b>15</b>	<b>37</b>	
D&A		(0)	(0)	(0)	(2)	(5)	
<b>EBIT</b>		<b>(5)</b>	<b>(4)</b>	<b>(6)</b>	<b>13</b>	<b>32</b>	
Interest		0	0	0	0	1	
<b>Profit Before Tax</b>		<b>(5)</b>	<b>(4)</b>	<b>(6)</b>	<b>13</b>	<b>31</b>	
Tax		-	-	-	-	-	
<b>NPAT</b>		<b>(5)</b>	<b>(4)</b>	<b>(6)</b>	<b>13</b>	<b>33</b>	
Exceptionals		-	-	-	-	-	
<b>Reported Profit</b>		<b>(5)</b>	<b>(4)</b>	<b>(6)</b>	<b>13</b>	<b>33</b>	
<b>Balance Sheet (A\$m)</b>							
		FY23A	FY24A	FY25E	FY26E	FY27E	
Cash		4	2	2	14	50	
Receivables		0	0	0	3	7	
Inventory		-	-	-	2	4	
PP&E		0	0	5	6	265	
Exploration & Other		49	57	57	57	57	
<b>Assets</b>		<b>54</b>	<b>60</b>	<b>64</b>	<b>83</b>	<b>384</b>	
Creditors		3	2	2	3	7	
Debt		-	(0)	(0)	(0)	171	
Leases		0	0	0	0	0	
Provisions		0	0	0	0	0	
Other		-	-	-	-	-	
<b>Liabilities</b>		<b>3</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>178</b>	
<b>Net Assets</b>		<b>51</b>	<b>57</b>	<b>62</b>	<b>79</b>	<b>206</b>	
<b>Cashflow (A\$m)</b>							
		FY23A	FY24A	FY25E	FY26E	FY27E	
Cash From Operations		(5)	(4)	(5)	15	37	
Interest		0	0	0	0	1	
Tax		-	-	-	-	-	
<b>Net Cash From Operations</b>		<b>(5)</b>	<b>(4)</b>	<b>(5)</b>	<b>15</b>	<b>38</b>	
Capex		(0)	(0)	(0)	(1)	(263)	
Exploration		(10)	(8)	(5)	(3)	(1)	
Investments		0	0	-	-	-	
<b>Free Cash Flow</b>		<b>(15)</b>	<b>(12)</b>	<b>(10)</b>	<b>12</b>	<b>(226)</b>	
Equity		1	10	10	-	92	
Borrowings		-	(0)	-	-	171	
Dividend		-	-	-	-	-	
<b>Net Increase / (Decrease) in Cash</b>		<b>(14)</b>	<b>(2)</b>	<b>(0)</b>	<b>12</b>	<b>36</b>	

Source: RTR, MST Access.

# Major Resource Upgrade for Western Queen

## Increase to Mineral Resource Estimate (MRE) of 76%

The latest Mineral Resource Estimate for the Western Queen Gold Project (WQ) has resulted in a 76% upgrade from the previous estimate in August 2021, reaching a total of 286,600 ounces of gold at a grade of 2.02 g/t.

### What drove the upgrade?

Diamond drilling completed by the Company in June 2024 provided further geological understanding of the controls on the mineralised system and prompted a comprehensive geological review of the Western Queen Project. This review led to new zones of mineralisation that were not previously part of the resource modelling exercise in 2021 being included, as well as more confidence in some resources due to the drill programs since 2021.

Resources are reported at cut-off grades of 0.5 g/t Au for open-pit resources and 1.5 g/t Au for underground resources.

### Improved Indicated Resources - higher quality as well

A key outcome of the MRE upgrade is the **142% increase in Indicated Resources**, which now stand at **163,800 ounces** of gold at 2.11 g/t or 56% of the total resource.

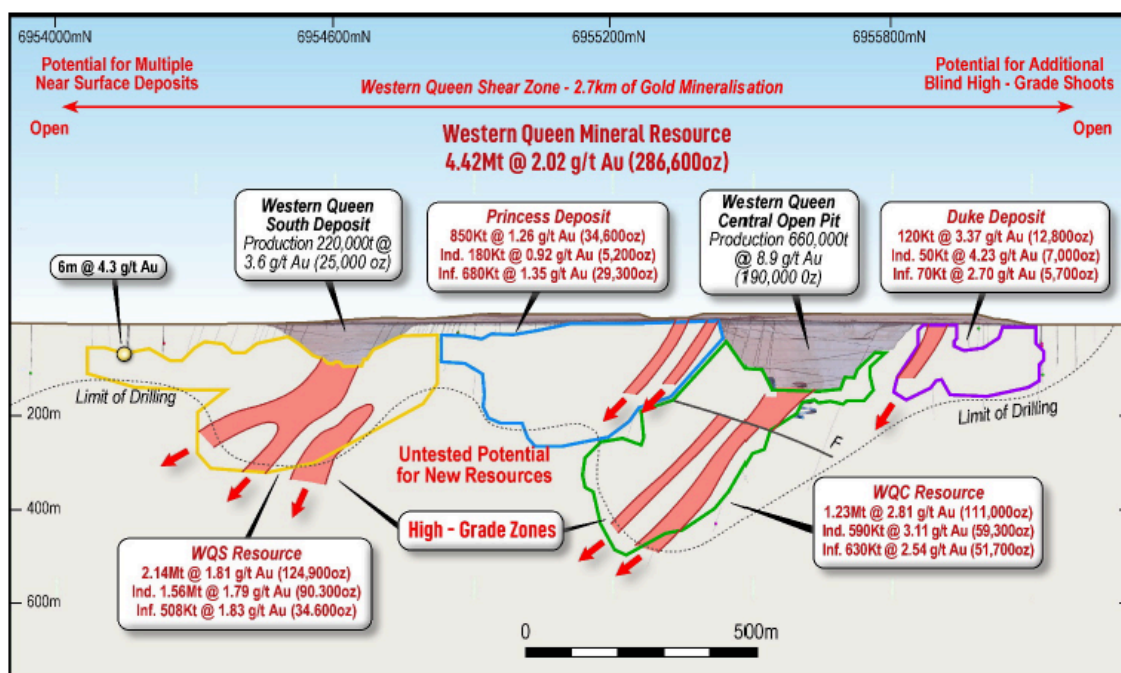
The importance of Indicated Resources is that they have the capacity to be converted to an Ore Reserve (commercially producible).

Figure 2: Mineral Resource Estimate Tabulation for the Western Queen Project

Prospect	Indicated			Inferred			Total		
	Tonnage kt	Au g/t	Au Ounces	Tonnage kt	Au g/t	Au Ounces	Tonnage kt	Au g/t	Au Ounces
Cranes				70	1.39	3,300	70	1.39	3,300
Duke	50	4.23	7,000	70	2.70	5,700	120	3.37	12,800
WQC	590	3.11	59,300	630	2.54	51,700	1,230	2.81	111,000
Princess	180	0.92	5,200	680	1.35	29,300	850	1.26	34,600
WQS	1,560	1.79	90,300	580	1.86	34,600	2,140	1.81	124,900
<b>Total</b>	<b>2,390</b>	<b>2.11</b>	<b>161,800</b>	<b>2,030</b>	<b>1.91</b>	<b>124,700</b>	<b>4,420</b>	<b>2.02</b>	<b>286,600</b>

Source: RTR

Figure 3:



Source: RTR

## Potential for further increase in resource

### Mineralisation remains open in all directions

The resource remains **open at depth and along strike**, indicating strong potential for additional high-grade discoveries.

In particular, the Princess Deposit area, between the Western Queen Central (WQC) and Western Queen South (WQS) Open Pits has only previously been sparsely drilled below the oxide-transitional zone, 50-80m below surface (refer to Figure 3 above). Additionally, significant exploration potential also exists along strike to the north and to the south along the recently reinterpreted position of the Western Queen Shear Zone that remains largely untested.

Previous high grade intercepts include;

- WQ Central
  - 6.4m @ 36.09 g/t Au from 305.7m
  - 6m @ 34.24 g/t Au from 354m
- WQ South
  - 4m @ 49.73 g/t Au from 134m
  - 5m @ 38.76 g/t Au from 193m
- Duke Deposit
  - 8m @ 26.27 g/t Au from 14m
  - 6m @ 25.87 g/t Au from 48m

### Significant exploration program - low cash spend as contractors will "drill for equity"

Rumble's next drilling program is proposed to be up to 12,000m and is expected to begin in mid-November 2024, and will focus on untested and underexplored areas, including the Duke-Cranes trend, the Princess Deposit, and depth extensions of the WQS and WQC zones.

A portion of this drilling is expected to be conducted under a "drill-for-equity" arrangement with the drilling contractor, optimising capital allocation and minimising immediate cash outflows.

## Western Queen Project Re-cap

### Asset History

RTR purchased the asset from its previous operator, Ramelius, in 2019 (Ramelius remains an RTR shareholder due to scrip issued as part of this transaction).

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.

### Key features of the Western Queen project – quality brownfield gold project with near-term cashflow potential

- **High grade gold** : Western Queen has produced high-grade ore averaging 7.6g/t gold from previous production
- **Mill infrastructure within trucking distance**: The project is only 48km from Spartan's Dalgaranga project, and is within trucking distance (~100km) of 2 other operating mills: Westgold's Tuckabiana and Ramelius' Checkers mills
- **Existing resources occur wholly within two granted Mining Leases**
- **Attractive geology**: Western Queen is associated with a major shear zone and RTR has noted that the geology observed is analogous with Spartan's (ASX:SPR) Never Never discovery, which is ~1Moz @ >5g/t
- **Potential tungsten upside** given a recent high-grade tungsten discovery and additional assay assessment at Western Queen South

## Recap - 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.

### 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.

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.

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

RTR 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 and mine ore bodies 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.

# 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, on granted Mining Leases and located near Spartan's Dalgara 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.

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 also shown potential for a high-grade tungsten resource, with further testing of historical drilling pulps now underway.

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

RTR is the operator of and is advancing the globally significant and world-class Earraheedy zinc–lead–silver project, a very large-scale, low-cost, potential open-pit mining project with detailed metallurgy testwork almost completed. It hosts a large-scale Mineral Resource (MRE) 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. The Project has exceptional growth potential, with less than 25% of the shallowly dipping, near surface unconformity unit that hosts the three defined deposits having been adequately tested, with more than 50km of the mineralised unconformity host unit still to be drill tested

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 by-product 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.

Roughly 80% of the pit constrained MRE occurs on JV tenure that is 75%-owned by RTR and 25% Zenith Minerals [ASX: ZNC]. The remaining 20% of the defined mineral resources occur within RTR's surrounding 100% owned tenements. In October 2023 Rumble announced the discovery of a new zone of high grade Zn+Pb mineralisation (Mato Prospect) within its 100% tenure and only 10km NW of the 63Mt @ 3.0% Zn+Pb Chinook deposit..

### 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

- Drilling program at WQ
- 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 (2HCY24)
- Internal scoping study at Earraheedy (commencing soon)

## Valuation: A\$0.17/Share (Previous A\$0.16)

### SOTP valuation driven by Earaeedy 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\$0.17/share on a fully diluted basis.

#### Methodology – risked NPV of A\$0.17/share

The most material component of our overall valuation is the Earaeedy 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 Earaeedy and an 85% probability for WQ. We have increased the probability rating for WQ from 75% to 85% given the recent increase in the MRE and the investment into RTR by BGR. We consider these 2 major milestones in the development of WQ.

We have included a final project funding equity raising for Earaeedy, 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, Earaeedy and WQ, as well as broader portfolio optionality.

Figure 4: 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
Earaeedy Zinc/Lead Project	1,017	37.5%	50%	191	0.10	Risked Project NPV
Western Queen Gold Project	335	50%	85%	142	0.07	Risked Project NPV
Other Assets	25	100%	100%	25	0.01	MST Estimate
<b>ENTERPRISE NPV</b>	<b>1,377</b>			<b>358</b>	<b>0.18</b>	
Add: Cash	3			3	0.01	At 30 June 2024 plus BGR A\$1m
<b>EQUITY VALUE PRE SG&amp;A</b>	<b>1,380</b>			<b>361</b>	<b>0.19</b>	
SG&A	(30)			(30)	(0.02)	NPV of Corporate Costs
<b>EQUITY VALUE</b>	<b>1,350</b>			<b>331</b>	<b>0.17</b>	

Source: MST.

#### Key assumptions for Earaeedy 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 Earaeedy.

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, predevelopment, 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 Earraheedy 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.



## **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.

### **Disappointing WQ exploration**

With the exploration program to commence in November at WQ, disappointing results are a key near term risk to the share price.

### **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.

# Company disclosures

The companies and securities mentioned in this report, include:

Rumble Resources (RTR.ASX) | Price A\$0.051 | Valuation A\$0.170;

Price and valuation as at 24 October 2024 (\* not covered)

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