

I zinc I like it

We initiate coverage on Rumble Resources with an Overweight rating, and a 40cps target price.

Rumble Resources is an ASX listed mineral development company, focussed on the early stage Earraheedy Zinc-Lead project, located 110km northeast of Wiluna in Western Australia. Rumble declared a maiden resource for Earraheedy in April this year of 94Mt @ 3.1% Zn+Pb and 4.1g/t Ag (at a 2% Zn+Pb cutoff). This resource places Earraheedy as one of the largest zinc sulphide discoveries globally in the past decade. Further, the large maiden resource came only 2 years after the initial discovery hole (suggesting relatively easily definable & extensive mineralisation), and (in our view) is only the starting point for how large Earraheedy could become. We believe Rumble is only in the early stages of the discovery phase, and expect ongoing positive exploration newsflow ahead of the commencement of a scoping study late this calendar year.

Key Points

Huge resource upside potential: The Earraheedy resource is already an attractive proposition given its existing scale, and near-surface (i.e. <200m) characteristics. Despite the fact that a large-scale resource has already been defined, **we believe Rumble is still in the very early stages of the discovery journey**, and expect to see significant growth in the resource base over the coming 12-24 months. We see significant potential for Earraheedy to become a super-sized zinc-lead resource (i.e. >300mt).

Successful DMS test-work could supercharge this project: Despite its vast scale potential, one possible limitation for Earraheedy's upside is the relatively low grade of the resource. Although, we believe, the open cut nature of any potential operation, plus the potential scale benefits that the large resource can provide, will help to ameliorate the grade impact. That said, (in our view) of crucial importance to the ultimate project economics will be the testing of Dense Media Separation (DMS) for use at the front end of any flotation processing. DMS could have the potential to quickly (and cheaply) reject waste rock, and thus significantly upgrade the metal content of material entering the processing plant. DMS is well-established processing technology, and there are a number of case studies of zinc-lead operations utilising DMS for ore pre-treatment. Should Earraheedy ore prove amenable to DMS, then lower grade mineralisation will suddenly become significantly more economically attractive (for example, the scale of the currently constrained metal in the resource could increase by 2-3x WITHIN THE EXISTING OPTIMISED RESOURCE FOOTPRINT overnight (i.e. without any additional drilling required)).

Zinc: The forgotten critical mineral: Zinc has been somewhat 'forgotten' in the battery material/electrification thematic which we have seen take hold in recent years. However, we would argue that zinc is critical to the successful decarbonisation of the economy, and (in the near term) is particularly leveraged to potential any Chinese stimulus expected over the coming 12 months.

Valuation: Our 40cps (>100% upside) target price is based on an average of a range of Insitu Metric (i.e. EV/Resource) scenarios. We remind investors that RTR remains an early stage mineral development company/explorer, thus carries inherent early stage risks.

Financial summary (Y/E Jun, AUD)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales (\$m)	0.0	0.0	0.0	0.0	0.0
EBITDA norm (\$m)	(0.7)	(2.2)	(3.8)	(5.2)	(5.2)
Consensus EBITDA (\$m)			(3.9)	(4.1)	(4.2)
EBITDA growth (%)	n/m	211.8	76.7	35.5	0.0
EV/EBITDA (x)	n/m	n/m	n/m	n/m	n/m
FCF yield (%)	(0.2)	(0.4)	(5.0)	(2.5)	(1.7)

Source: Company data, Wilsons estimate, Refinitiv, IRESS.
All amounts are in Australian Dollar (A\$) unless otherwise stated.

Wilsons Equity Research

Analyst(s) who owns shares in the Company: n/a Issued by Wilsons Advisory and Stockbroking Limited (Wilsons) ABN 68 010 529 665 – Australian Financial Services Licence No 238375, a participant of ASX Group and should be read in conjunction with the disclosures and disclaimer in this report. Important disclosures regarding companies that are subject of this report and an explanation of recommendations can be found at the end of this document.

Recommendation	OVERWEIGHT
12-mth target price (AUD)	\$0.40
Share price @ 19-Jul-23 (AUD)	\$0.18
Forecast 12-mth capital return	128.6%
Forecast 12-mth dividend yield	0.0%
12-mth total shareholder return	128.6%
Market cap (\$m)	109.7
Enterprise value (\$m)	91.8
Shares on issue (m)	626.7
Sold short (%)	0.1
ASX Small Ords weight (%)	0.0
Median turnover/day (\$m)	0.2

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12-mth price performance (\$)



	1-mth	6-mth	12-mth
Abs return (%)	9.4	(28.6)	(28.6)
Rel return (%)	7.8	(26.1)	(33.9)

Business Description

Rumble Resources is an ASX listed mineral development company, focussed on the early stage Earahedy Zinc-Lead project, located 110km northeast of Wiluna in Western Australia. Rumble declared a Maiden resource for Earahedy in April this year of 94Mt @ 3.1% Zn+Pb and 4.1g/t Ag (at a 2% Zn+Pb cutoff).

Catalysts

Ongoing Exploration newsflow, further Metallurgical test work outcomes, commencement of scoping study,

P&L (\$m)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	0.0	0.0	0.0	0.0	0.0
EBITDA norm	(0.7)	(2.2)	(3.8)	(5.2)	(5.2)
EBIT norm	(0.7)	(2.3)	(3.9)	(5.2)	(5.2)
PBT norm	(0.7)	(2.3)	(3.8)	(5.1)	(4.9)
NPAT norm	(0.7)	(2.3)	(3.8)	(4.3)	(3.4)
NPAT reported	(0.8)	(3.0)	(4.1)	(4.3)	(3.4)
EPS norm (cents)	(0.1)	(0.4)	(0.6)	(0.4)	(0.3)
DPS (cents)	0.0	0.0	0.0	0.0	0.0

Growth (%)	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	n/m	n/m	n/m	n/m	n/m
EBITDA norm	n/m	211.8	76.7	35.5	0.0
NPAT norm	n/m	211.0	67.7	12.6	(20.5)
EPS norm (cents)		174.2	61.0	(35.8)	(21.9)
DPS (cents)	n/m	n/m	n/m	n/m	n/m

Margins and returns (%)	FY21A	FY22A	FY23E	FY24E	FY25E
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Interims (\$m)	1H22A	2H22A	1H23A	2H23E	1H24E
Sales	0.0	0.0	0.0	0.0	0.0
EBITDA norm	(1.2)	(0.9)	(1.7)	(2.2)	(2.6)
EBIT norm	(1.3)	(1.0)	(1.8)	(2.2)	(2.6)
PBT norm	(1.3)	(1.0)	(1.7)	(2.1)	(2.6)
NPAT norm	(1.3)	(1.0)	(1.7)	(2.1)	(2.6)
NPAT reported	(1.7)	(1.3)	(2.0)	(2.1)	(2.6)
EPS norm (cents)	(0.2)	(0.2)	(0.3)	(0.3)	(0.2)
DPS (cents)	0.0	0.0	0.0	0.0	0.0

Investment Thesis

We believe Rumble is still in the very early stages of the discovery journey, and expect to see significant growth in the resource base over the coming 12-24 months. We see significant potential for Earahedy to become a super-sized zinc-lead resource (i.e. >300mt).

Risks

Failure of DMS testing, possible unfavourable economics once detail study work is complete, ongoing weakness in zinc pricing, general project delivery risks.

Balance sheet (\$m)	FY21A	FY22A	FY23E	FY24E	FY25E
Cash & equivalents	39.7	17.9	2.2	7.1	13.7
Current receivables	0.5	0.7	0.5	0.5	0.5
Current inventory	0.0	0.0	0.0	0.0	0.0
PPE	0.3	0.5	0.4	0.4	0.4
Intangibles	0.0	0.0	0.0	0.0	0.0
Other assets	0.2	0.2	0.4	1.1	1.1
Total assets	40.6	19.3	3.4	9.1	15.7
Current payables	1.3	3.1	1.4	1.4	1.4
Total debt	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.1	0.1	0.1	0.1
Total liabilities	1.3	3.3	1.8	1.8	1.8
Minorities	0.0	0.0	0.0	0.0	0.0
Shareholders equity	55.4	54.5	51.6	77.2	103.8

Cash flow (\$m)	FY21A	FY22A	FY23E	FY24E	FY25E
Operating cash flow	(0.2)	(0.4)	(5.4)	(5.1)	(3.4)
Maintenance capex	0.0	0.0	0.0	0.0	0.0
Free cash flow	(0.2)	(0.4)	(5.4)	(5.1)	(3.4)
Growth capex	0.0	0.0	0.0	0.0	0.0
Acquisitions/disposals	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0
Other cash flow	(0.9)	(21.3)	(5.3)	0.0	0.0
Cash flow pre-financing	(1.0)	(21.8)	(10.7)	(5.1)	(3.4)
Funded by equity	41.3	0.0	0.0	30.0	30.0
Funded by cash/debt	(81.6)	21.8	10.7	(54.9)	(56.6)

Liquidity	FY21A	FY22A	FY23E	FY24E	FY25E
Cash conversion (%)	25.0	19.0	143.6	100.0	100.0
Net debt (\$m)	(39.7)	(17.9)	(2.2)	(7.1)	(13.7)
Net debt / EBITDA (x)	57.1	8.3	0.6	1.4	2.6
ND / ND + Equity (%)	(251.3)	(48.9)	(4.4)	(10.1)	(15.2)
EBIT / Interest expense (x)	n/m	73.4	46.1	46.7	19.1

Valuation	FY21A	FY22A	FY23E	FY24E	FY25E
EV / Sales (x)	n/m	n/m	n/m	n/m	n/m
EV / EBITDA (x)	n/m	n/m	n/m	n/m	n/m
EV / EBIT (x)	n/m	n/m	n/m	n/m	n/m
P / E (x)	n/m	n/m	n/m	n/m	n/m
P / BV (x)	1.9	2.0	2.1	2.7	2.0
FCF yield (%)	(0.2)	(0.4)	(5.0)	(2.5)	(1.7)
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Weighted shares (m)	545.9	619.3	645.2	1,131	1,151

Source: Company data, Wilsons estimate, Refinitiv, IRESS.
All amounts are in Australian Dollar (A\$) unless otherwise stated.

Executive Summary

Rumble Resources is an ASX listed mineral development company, focussed on the early stage Earraheedy Zinc-Lead project, located 110km northeast of Wiluna in Western Australia. Rumble declared a maiden resource for Earraheedy in April this year of 94Mt @ 3.1% Zn+Pb and 4.1g/t Ag (at a 2% Zn+Pb cutoff). This resource places Earraheedy as one of the largest zinc sulphide discoveries globally in the past decade. Further, the large maiden resource came only 2 years after the initial discovery hole (suggesting relatively easily definable extensive mineralisation), and (in our view) is only the starting point for how large the Earraheedy could become. We believe Rumble is only in the early stages of the discovery phase, and expect ongoing positive exploration newsflow ahead of the commencement of a scoping study late this calendar year.

The 'For' & 'Against'

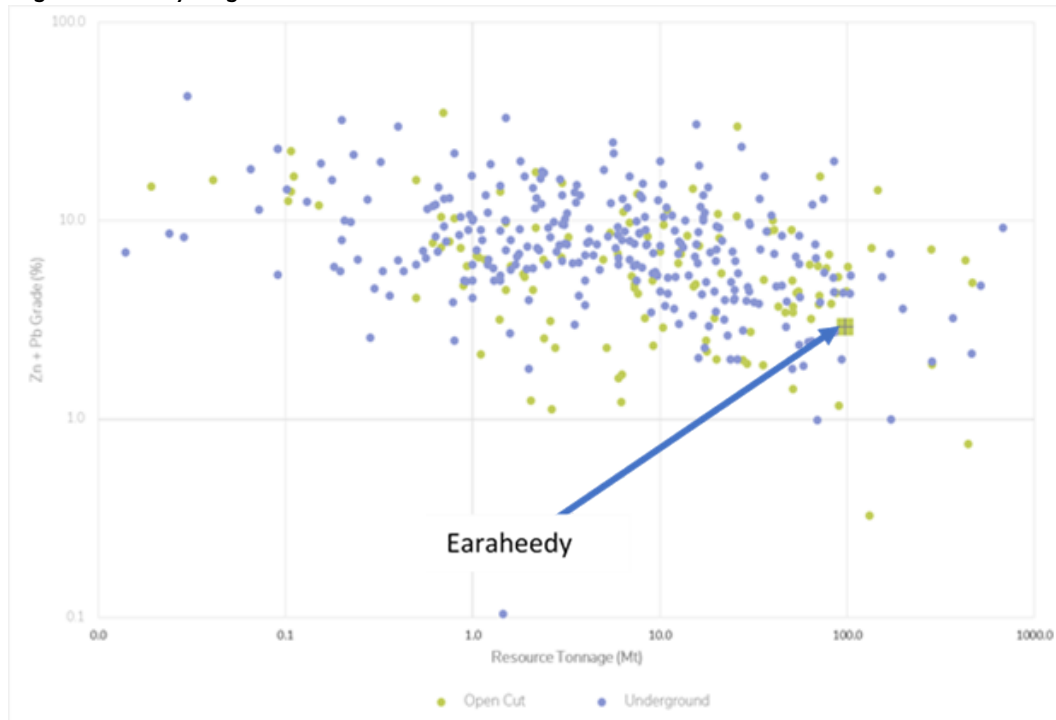
Figure 1: Strong potential resource upside in the typically exciting 'discovery' phase

The 'For'	The 'Against'
A large scale resource	Lower grade
Near-surface & flat-lying	A long way from production
Huge blue-sky upside	Variabile ultimate ownership levels
Excellent preliminary metallurgical test results	Unclear funding path
Zinc: The 'forgotten' critical mineral	
The potential scale to attract a major	

Source: Wilsons.

A large scale, near surface resource

Figure 2: Already a significant zinc resource

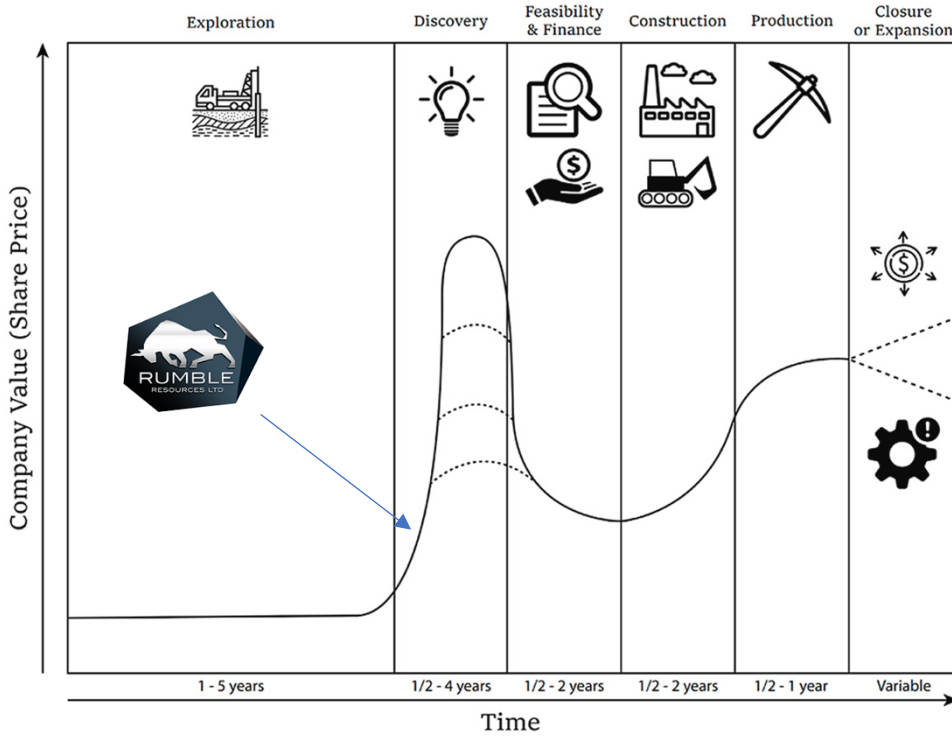


Source: Company data & S&P Global Intelligence.

Huge 'blue sky' upside

The Earraheedy resource is already an attractive proposition given its existing scale, and near-surface (i.e. <200m) characteristics. Despite the fact that a large-scale resource has already been defined, **we believe Rumble is still in the very early stages of the discovery journey**, and expect to see significant growth in the resource base over the coming 12-24 months. We see significant potential for Earraheedy to become a super-sized zinc-lead resource (i.e. >300mt). In this report we outline three key avenues we believe are likely to see material increase in the resource base.

Figure 3: Rumble is in the early stages of the Discovery phase



Source: Resources Policy Journal & Wilsons.

Successful DMS testing can supercharge this project

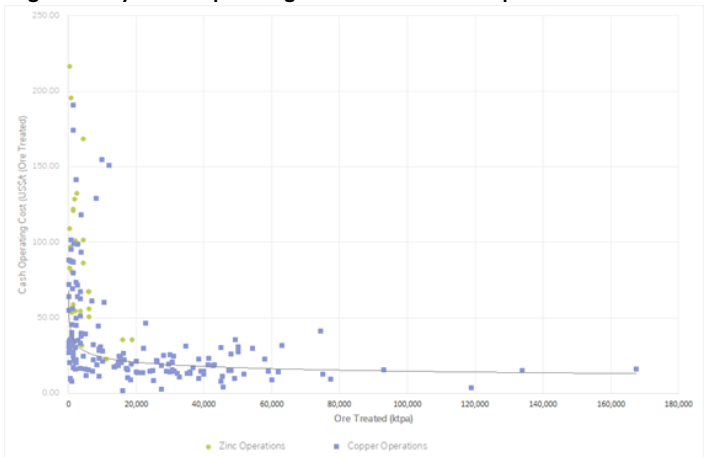
The most obvious pushback to Rumble Resources from investors is likely to be the relatively low grade of the existing resource, as compared with other global zinc deposits. Grade is nearly always a critical feature of base metals projects in determining project economics (we review potential operational scenarios further in the valuation section of this report). At this stage, we would flag that the likely open cut nature of any potential Earaeheedy operation, plus the large scale of the orebody (and potential super-scale) does provide some ameliorating factors when considered in the context of the relatively lower-grade orebody. Further, while there is a relatively small data set of large scale, open cut zinc mines operating globally, there are numerous large scale open-cut copper sulphide resources globally being successfully mined at grades ~0.5% Cu (and with near-surface, lower grade sulphide mining and processing being largely similar in nature regardless of the base metals being targeted). As displayed in the figure below, when comparing on a Copper Equivalent (CuEq) basis (using the long-term ratio of metals prices to convert between the metals contents) we can see that Earaeheedy exhibits a similar grade (on a metal equivalent basis) to a larger number of open cut copper resources globally. We acknowledge that this is high-level analysis, and it is only after detailed scoping study work that a clearer picture of operating costs and project economics will emerge.

Figure 4: Earaeheedy sits comfortably within the universe of large scale base metals projects(expressed on CuEq basis)



Source: S&P Global Intelligence.

Figure 5: Large scale open pit base metals operations can exhibit significantly lower operating costs than smaller operations



Source: Company data.

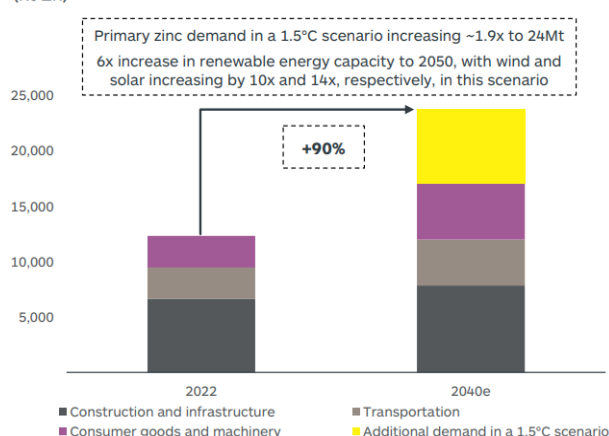
Of crucial importance to the ultimate project economics will be the testing of Dense Media Separation (DMS) for use at the front end of any flotation processing plant (please see the appendices for an overview of DMS processing and its advantages). DMS could have the potential to quickly (and cheaply) reject waste rock, and thus significantly upgrading the metal content of material entering the processing plant. DMS is a well-established minerals processing technique, and is used in numerous zinc-lead operations globally with great success. Should Earraheedy ore prove amenable to DMS, then lower grade mineralisation will suddenly become significantly more economically attractive (for example, the scale of the currently constrained metal in the resource could increase by 2-3x WITHIN THE EXISTING OPTIMISED RESOURCE FOOTPRINT (i.e. without any additional drilling required)).

Zinc: The 'forgotten' critical mineral

Zinc has been somewhat 'forgotten' in the battery material/electrification thematic which we have seen take hold in recent years. However, we would argue that zinc is critical to the successful decarbonisation of the economy, and (in the near term) is particularly leveraged to any potential Chinese stimulus expected over the coming 12 months. Zinc's key use is in galvanising of steel (to guard against corrosion), which will be critical for the lifecycle of such infrastructure as wind turbines, solar panel fixtures and parts of electric vehicles. Thus while zinc's main uses remain heavily leveraged to traditional industrial economic activity, material additional long-term demand growth is expected by many forecasters. The zinc mining sector remains an industry, which (in our view) has been underinvested in during recent years, and potential large-scale projects such as Earraheedy will be critical to bridging the long term supply gap which is expected to emerge

Figure 6: Investment in large scale longer term zinc supply is likely to be required

Zinc primary demand (kt Zn)



Source: South32.

Valuation (Exec Summary)

We initiate on Rumble Resources with an Overweight rating, and a 40cps Target Price, based on an average of a range of In-situ Metric (i.e. EV/Resource) scenarios. This represents >100% upside from current levels.

Figure 7: We calculate an average value of ~A40cps utilizing various in-situ metric calculations

Valuation Scenario	Resource (Mt)	Zn Eq Grade	CuEq Grade	Contained Zn eq. (Zn, Pb & Ag)	Assumed EV/Resource ratio (US\$/t Zn eq.)	EV (US\$m)	EV (A\$m)	Mkt cap (A\$m)	Valuation (A\$/share)
Rumble (Using Hermosa Acquisition Multiples)	94	3.0%	1.0%	2,842	109	310	463	463	0.74
Rumble (Using Hermosa Acquisition Multiple - Grade Adjusted)	94	3.0%	1.0%	2,842	36	103	153	153	0.24
Rumble (Current EV/Resource Multiple - with 200Mt @ Same Grade)	200	3.0%	1.0%	6,048	25	150	224	224	0.36
Rumble (Current EV/ Resource Multiple (375Mt @ 0.5% CuEq Grade (~1.5% Zn +Pb%) - Using grade tonnage curve)	375	1.5%	0.5%	5707	25	142	212	212	0.34
Rumble (Current EV/Resource Multiple (375Mt @ 0.5% CuEq Grade (~1.5% Zn+Pb%) - Using grade tonnage curve - payabilities applied)	375	1.2%	0.5%	4358	25	108	162	162	0.26
							Mean		0.39

NB: Rumble has averaged trading levels of ~25x EV/Resource since declaring its maiden resource in April 2023. A lack of listed zinc development/exploration peers which are even broadly comparable with Rumble Resources means we are relatively limited in using comparable peers to ascertain an appropriate EV/Resource target multiple. As a result, we have generated a number of potential valuations based on differing scenarios (please see relevant report section for further details).

Source: Wilsons.

While our target price is based on the Insitu metrics (as befitting Rumble's status as an early stage explorer), we have also conducted early stage NPV analysis examining varying different operational scenarios (utilising some high level sector wide benchmarking to make assumptions on capital and operating costs). We stress that at this very early stage in the project development process, our NPV analysis should only be seen as indicative, and we have avoided publishing a single 'base case' NPV at this point, instead presenting a range of potential outcomes. Please see the valuation section for further details on our underlying assumptions.

Figure 8: We have assessed a range of potential project scenarios – based on 10Mtpa of mined material for 30 years

		Initial Project Capex (US\$m)												
		DMS Upgrade Factor												
Capex Rate/Ore Treated (US\$/t)		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
150		1500	1000	750	600	500	429	375	333	300	273	250	231	214
125		1250	833	625	500	417	357	313	278	250	227	208	192	179
100		1000	667	500	400	333	286	250	222	200	182	167	154	143
75		750	500	375	300	250	214	188	167	150	138	125	115	107
50		500	333	250	200	167	143	125	111	100	91	83	77	71

		Cash Operating Cost (USc/lb Zn)												
		DMS Upgrade Factor												
		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
		83	78	76	74	73	72	72	71	71	71	70	70	70

		100% Asset NPV (A\$m)												
		DMS Upgrade Factor												
Capex Rate/Ore Treated (US\$/t)		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
150		-730	-151	139	313	428	511	573	621	660	692	718	740	759
125		-530	-17	239	393	495	568	623	666	700	728	751	771	788
100		-329	116	339	473	562	626	673	711	740	765	785	802	817
75		-129	250	440	553	629	683	724	755	780	801	818	833	845
50		72	384	540	633	696	740	774	800	820	837	852	864	874

		NPV/Share (A\$) (Fully Diluted 60/40 Debt/Equity Funding Mix)												
		DMS Upgrade Factor												
Capex Rate/Ore Treated (US\$/t)		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
150		-0.59	-0.34	-0.15	-0.01	0.10	0.19	0.26	0.33	0.38	0.42	0.46	0.50	0.53
125		-0.51	-0.25	-0.07	0.07	0.18	0.27	0.34	0.40	0.45	0.49	0.53	0.56	0.59
100		-0.42	-0.15	0.04	0.18	0.28	0.36	0.43	0.48	0.53	0.57	0.60	0.63	0.66
75		-0.30	-0.02	0.16	0.29	0.39	0.47	0.53	0.57	0.61	0.65	0.68	0.70	0.72
50		-0.14	0.14	0.32	0.44	0.52	0.59	0.64	0.68	0.71	0.74	0.76	0.78	0.80

Source: Wilsons.

What our analysis shows is that **the key for this project (based on our underlying assumptions) is the success of, the DMS trials.** Without DMS, our high-level assumptions show a project exhibiting modest returns (although still NPV positive at lower capex assumptions), however the success of utilising DMS to upgrade ore into the processing plant could 'supercharge' the value of the project.

The 'For'

A large resource

After the discovery hole was announced to the market only 2 years ago, Rumble declared a large scale resource of nearly 100Mt in April 2023 (Pit constrained, maiden inferred Mineral Resource Estimate (MRE) of 94Mt @ 3.1% Zn+Pb and 4.1g/t Ag (at a 2% Zn+Pb cutoff) .

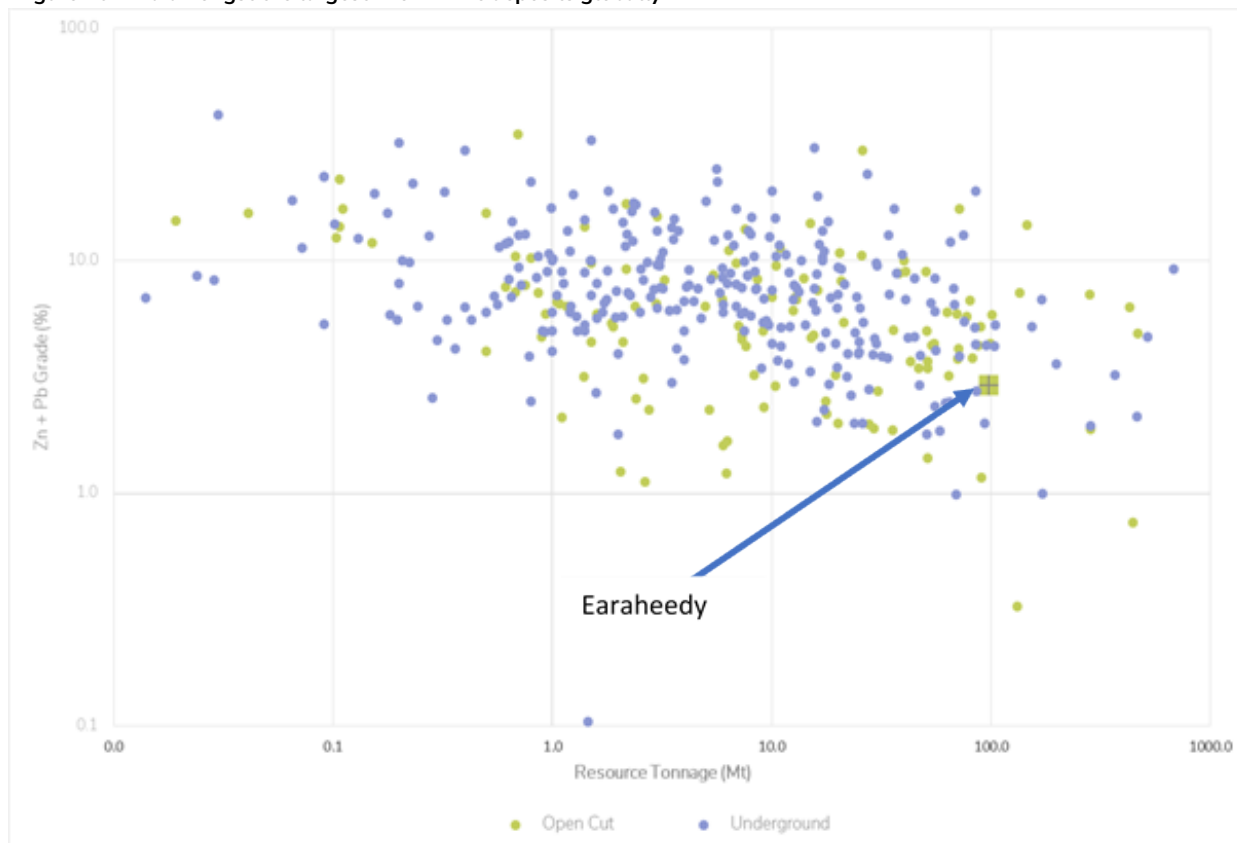
This maiden MRE confirmed the Earacheedy Project as one of the largest global zinc sulphide discoveries in the last decade.

Figure 9: Earacheedy is a large scale resource

Cut off	Inferred – Chinook					Inferred – Tonka and Navajoh					Inferred Total				
	Tonnes	Zn+Pb	Zn	Pb	Ag	Tonnes	Zn+Pb	Zn	Pb	Ag	Tonnes	Zn+Pb	Zn	Pb	Ag
	Mt	%	%	%	g/t	Mt	%	%	%	g/t	Mt	%	%	%	g/t
0.5	334	1.3	0.9	0.4	2.3	128	1.5	1.2	0.2	1.9	462	1.3	1.0	0.3	2.2
1.0	135	2.1	1.5	0.6	3.4	59	2.3	2.0	0.4	2.6	194	2.2	1.6	0.5	3.1
2.0	63	3.0	2.1	0.8	4.6	31	3.3	2.8	0.5	3.4	94	3.1	2.4	0.7	4.2
2.5	39	3.4	2.4	0.9	5.2	25	3.5	3.0	0.5	3.6	65	3.4	2.6	0.8	4.5
3.0	24	3.8	2.7	1.1	5.7	17	3.9	3.3	0.6	3.8	41	3.8	3.0	0.9	4.9
4.0	7	4.7	3.3	1.5	6.8	5	4.9	4.1	0.8	4.3	12	4.8	3.6	1.2	5.7

Source: Company data.

Figure 10: And amongst the largest known zinc deposits globally

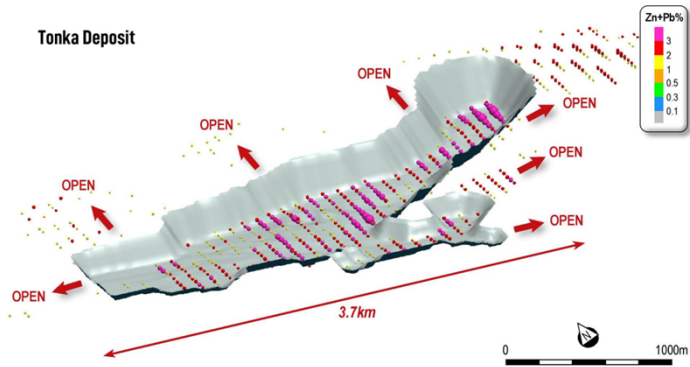


Source: S&P Global Intelligence.

Near-surface & Flat Lying

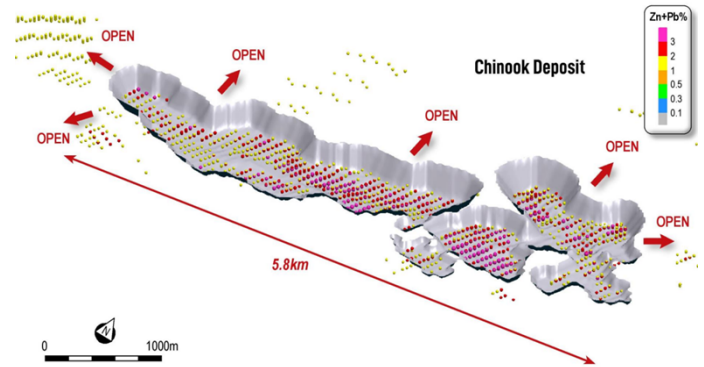
The current Earahedy resource is located near surface, with most drill-holes intersecting mineralisation at <200m below surface. The resources base has been optimised/constrained by pit shells which currently present as long, shallow pits, which suggest that material movement could potentially be simple and relatively low cost.

Figure 11: Tonka pit-shell 3.7km long and shallow



Source: Company data.

Figure 12: Chinook pit-shell ~6km long and shallow

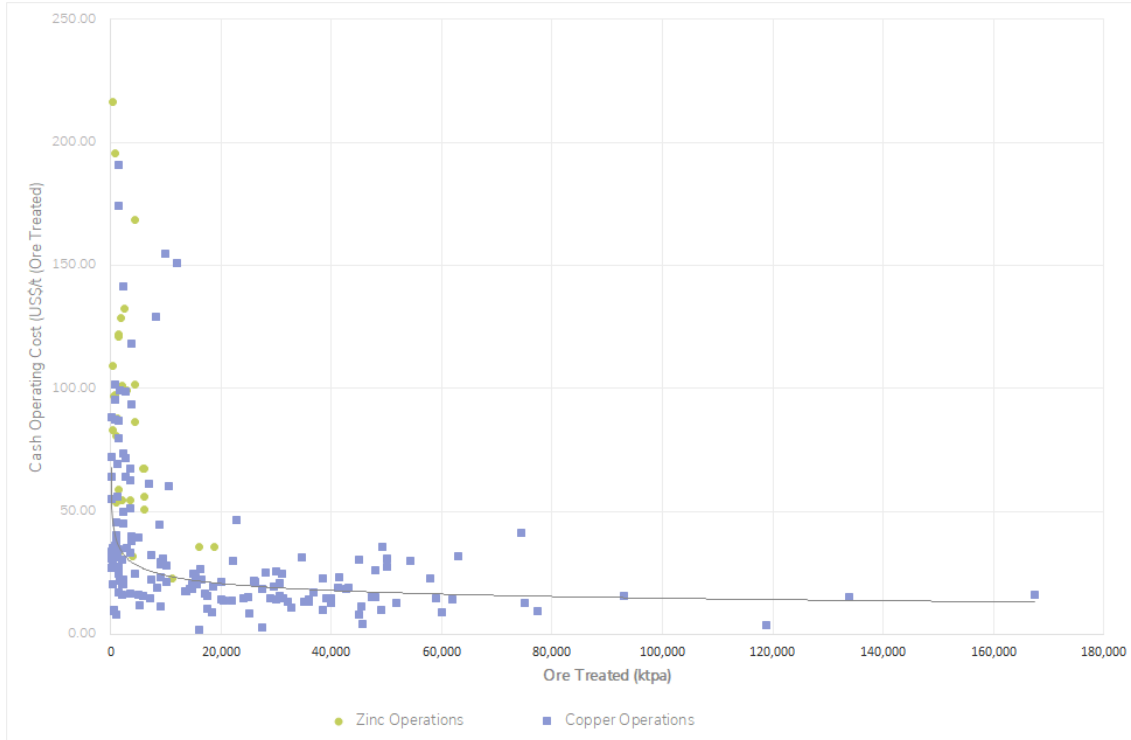


Source: Company data.

In what may come as a surprise to some investors, there are actually relatively few large scale open cut zinc mines in operation around the world (with the majority of production being from smaller scale underground mines). Further, as compared to copper sulphide deposits, which have a greater tendency to be very large in scale and near surface; mined zinc has traditionally been significantly smaller scale and more fragmented with regards to sources of supply.

As evidenced by the relationship between cash operating cost and total annual ore treated (for open cut zinc and copper operations only – see figure below), we see that the ability to mine using open cut methods typically comes hand-in-hand with lower operating costs (particularly at larger scale).

Figure 13: Large scale open pit base metals operations can exhibit significantly lower operating costs than smaller operations



Source: S&P Global Intelligence.

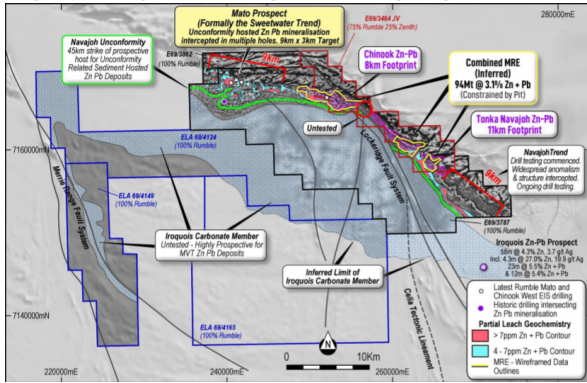
Huge blue-sky upside

Despite the fact that a large-scale resource has already been defined, **we believe Rumble is still in the very early stages of the discovery journey**, and expect to see significant growth in the resource base over the coming 12-24 months. We see significant potential for Earahedy to become a super-sized zinc-lead resource (i.e. >300mt).

We see 3 key potential avenues to significantly greater mineral inventory:

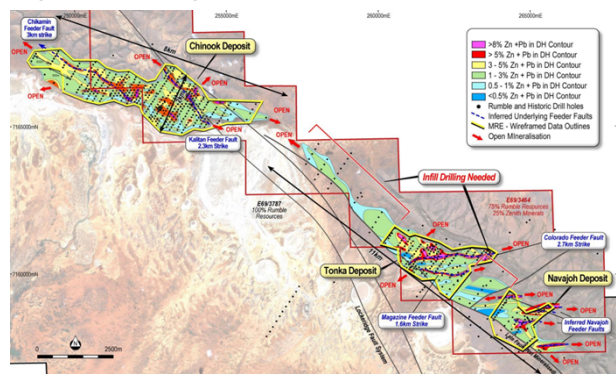
- Further drilling along the major Navajoh Unconformity Unit & nearby Iroquois Carbonate:** The current resource remains open in all directions, and we note that only ~35% of the 45km unconformity unit has currently been effectively drill-tested. Further, the highly prospective Iroquois carbonate (~35km strike length) runs adjacent to the unconformity and remains largely untested. We expect extensional drilling should lead to material resource upside, and note that mineralisation has already been intersected in broad spaced drilling outside of the existing resource zone.

Figure 14: Significantly regional drilling targets



Source: Company data.

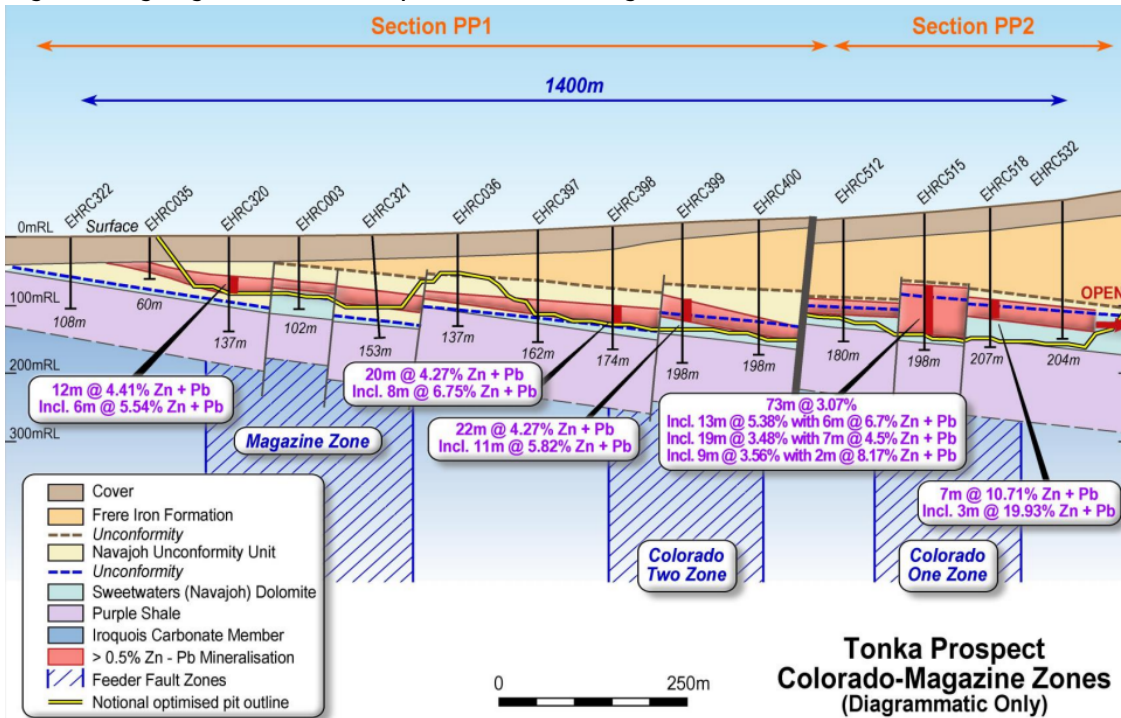
Figure 15: Existing resource remains open in all directions



Source: Company data.

- Potential for High-Grade 'Feeder' resources beneath existing resource:** At this stage the majority of drilling has only extended ~200m below the surface. The nature of sedimentary host rock and known near-surface mineralisation, suggests that there is strong potential for higher grade 'Mississippi Valley Type' (MVT) mineralisation at depth (as evidenced by some of the shallower faults already intersected by completed drilling. These targets remain largely untested by drilling at this stage.

Figure 16: Higher grade mineralization potential under existing shallow resource

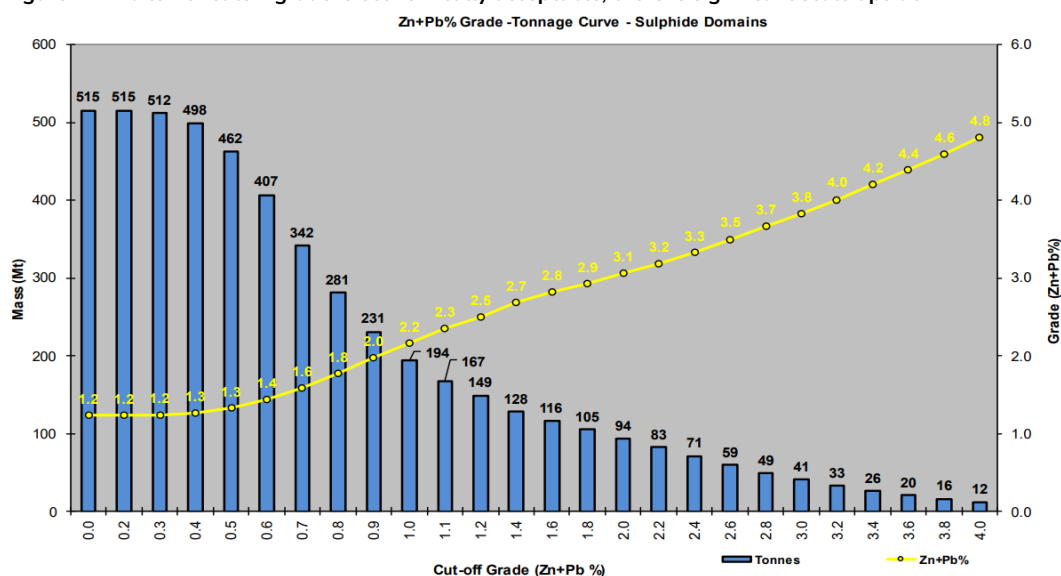


Source: Company data.

- Successful DMS testing:** Completed drilling suggests that even within the existing resource footprint there exists a very large lower-grade resource halo (see grade-tonnage curve below which is not included in the current resource base). We note that the existing resource is already relatively lower grade (discussed extensively in 'Against' section of this report), and an additional reduction of the cutoff grade for resource definition (from the current 2% (Zn+Pb) will reduce resource grade further, while significantly increasing potential tonnage inventory. A key factor in the viability of this approach will then be the testing of Dense Media Separation (DMS) for use at the front end of any flotation processing plant (please see the appendices for an overview of DMS processing and its advantages). DMS could have the potential to quickly (and cheaply) reject waste rock, and thus significantly upgrading the metal content of material entering the processing plant. Should Earraheedy ore prove amenable to DMS, then lower grade mineralisation will suddenly become significantly more economically attractive, and the scale of the currently constrained metal in the resource could increase by 2-3x WITHIN THE EXISTING OPTIMISED RESOURCE FOOTPRINT (i.e. before any additional extensional drilling is even undertaken)).

Given the lack of comparable large scale open cut zinc operations globally, we consider the copper industry as something of a proxy. It is worth noting that with several large scale open-cut copper sulphide resources globally being successfully mined at grades ~0.5% Cu (Near-surface sulphide mining and processing is largely similar in nature, regardless of the base metal being targeted), one may suggest that a the Zn+Pb grade at Earraheedy of ~1.5% (corresponding to a 0.5% CuEq grade, based on relative long term metals price assumptions) could imply a ~375Mt resource (based on the existing grade-tonnage curve, as displayed below), with metals inventory of potentially ~5.7Mt (ZnEq) (more than double that of the existing metal inventory).

Figure 17: If a lower cutoff grade is economically acceptable, there is significant scale upside



Source: Company data.

Accordingly, we believe that the potential combination of all three avenues of possible resource addition could combine to position Earraheedy as a super-giant zinc resource.

Excellent Metallurgical results

Early metallurgical test-work has been positive, suggesting that the Earraheedy ore is readily amenable to a fast flotation, producing a clean concentrate, of robust grade. The testwork suggests a simple conventional flotation flowsheet with a relatively coarse grind should yield attractive recoveries and a highly marketable product.

Figure 18: Early Metallurgical testwork shows a clean concentrate with impressive recoveries versus a number of other global zinc operations

Company	New Century	Glencore	MMG	MMG	Vedanta Zinc	Teck Resources	Rumble
Project	Century ¹	McArthur River ²	Rosebery ³	Dugald River ³	Gamsberg ⁴	Red Dog ⁵	Tonka
Zn Concentrate Grade	48%	47%	54%	50%	50%	55%	54%
Zn Recoveries	51%	N/A	82%	88%	N/A	86%	87%

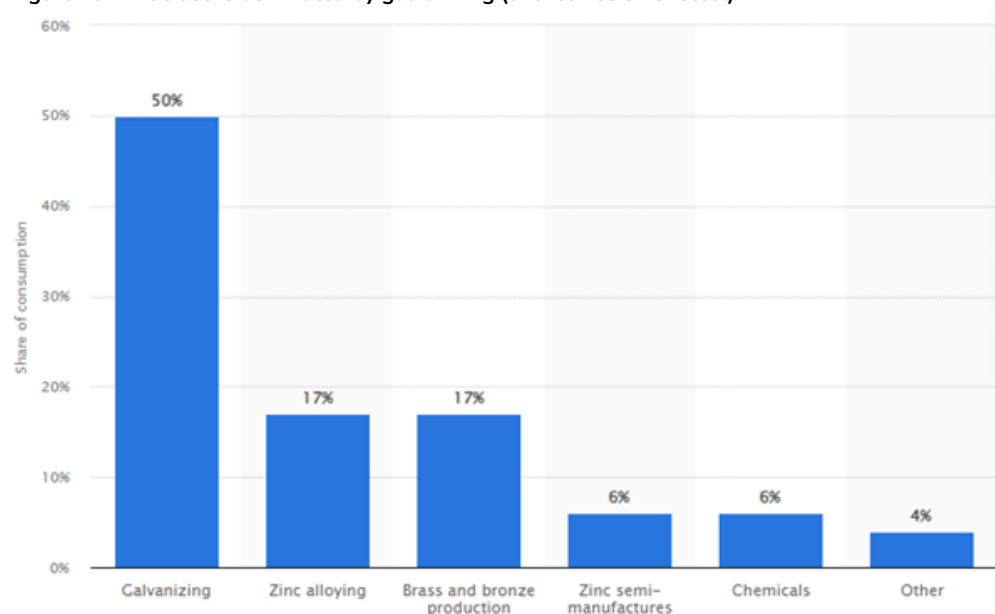
Source: Company data.

As discussed in the section above and in the valuation section of this report, we believe planned testwork around the suitability and potential for pre-concentration using DMS at the front end of the plant will be a critical element in determining the ultimate economics of the Earraheedy project.

The 'forgotten' critical commodity

Zinc has been somewhat 'forgotten' in the battery material/electrification thematic which we have seen take hold in recent years. However, we would argue that zinc is critical to the successful decarbonisation of the economy, and is particularly leveraged to potential any Chinese stimulus expected over the coming 12 months.

Figure 19: Zinc's use is dominated by galvanizing (anti-corrosion of steel)



Source: Statista.

Zinc's key use is in galvanising of steel (to guard against corrosion), which will be critical for the lifecycle of such infrastructure as wind turbines, solar panel fixtures and parts of electric vehicles. That said, as traditional sources of industrial demand for zinc continue to dominate its end use, zinc is sensitive to the economic cycle and macroeconomic conditions, particularly as it pertains to construction activity and the production of automotive vehicles. As a result of recent tightening monetary policy across many major economies and economic weakness, zinc prices have trended lower since their recent peak in April 2022.

Figure 20: Zinc price have been subdued, largely due to slow Chinese activity levels



As of July 11, 2023.
 US Fed = US Federal Reserve; LME 3M = London Metal Exchange three-month; \$/t = dollars per metric ton.
 Source: S&P Global Intelligence.

We believe this recent malaise presents something of an opportunity for investors. In our view, zinc has been largely underinvested in recent years given the heavy focus by miners and capital markets alike on the high profile battery materials and copper. We note that S&P Global Commodity Insights forecasts zinc market deficits from 2023-2026, and longer-term analysis by varying group suggests a material supply gap will emerge next decade.

Figure 21: Deficits expected in the near term

Zinc forecast at a glance (000 t)

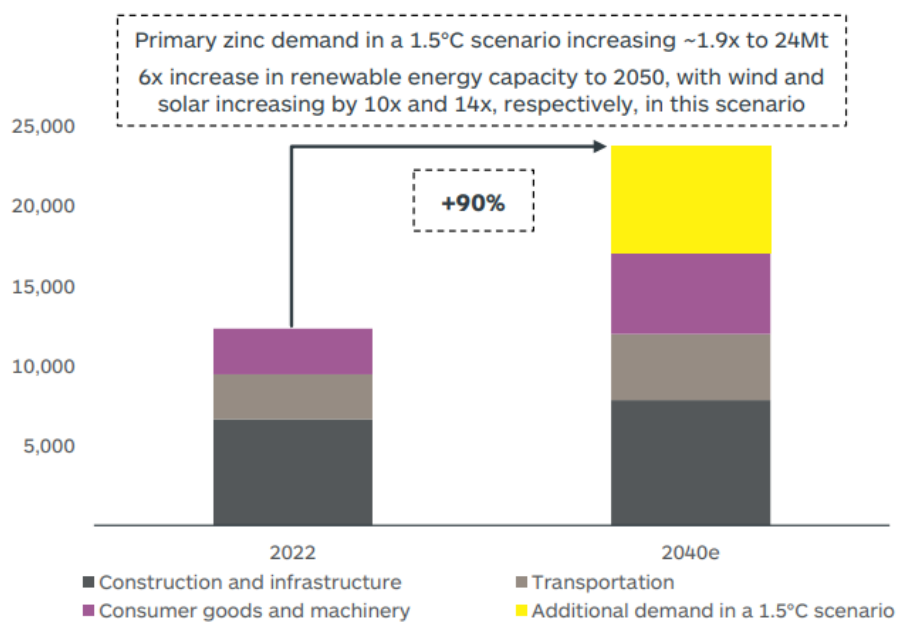
	2022e	2023f	2024f	2025f	2026f
Supply	13,553	13,871	14,361	14,822	15,225
Demand	13,848	14,015	14,417	14,847	15,227
Balance	-295	-145	-56	-25	-3
Three-month price (\$/t)	3,440	2,939	2,894	2,854	2,827

As of July 11, 2023.

e = estimate; f = forecast; \$/t = dollars per metric ton.

Source: S&P Global Intelligence.

Figure 22: Longer term demand is likely to necessitate investment in large scale supply

Zinc primary demand
(kt Zn)

Source: Company data.

The potential scale to attract a major?

We have written [previously](#) about the attraction which many larger miners have to asset/resource scale, and the inherent optionality that this brings for future value creation. While there has been relatively little corporate activity in the zinc space in recent years, we believe that the potential super-scale of Earahedy could be attractive to a larger miner with the balance sheet to develop a larger scale project.

Figure 23: Few corporate transactions in the zinc sector in recent years, but scale and optionality are always sought after (in our view)

COMPLETION DATE	TARGET	BUYER	SELLER	PERCENT ACQUIRED (%)	PRIMARY COMMODITY	COUNTRY/REGION	ANNOUNCED TRANSACTION VALUE (\$M)
NA	Yunnan Hualian Zinc and Indium Co., Ltd.	Yunnan Tin Company Limited	NA	8.37	Zinc	China	144.89
5/20/2022	Heron Resources Limited	Develop Global Limited	NA	100.00	Zinc	Australia	166.88
3/18/2022	Sinchi Wayra S.A. and Sociedad Minera Illapa S.A.	Santacruz Silver Mining Ltd.	Glencore plc	100.00	Zinc	Bolivia	110.00
10/30/2019	Karmin Exploration Inc.	Votorantim Metals Canada Inc.	NA	100.00	Zinc	Canada	61.92
7/3/2019	Silver Range Resources Ltd.	Private investor - William Douglas Eaton	NA	1.35	Zinc	Canada	83.85
8/10/2018	Arizona Mining Inc.	South32 Limited	NA	83.01	Zinc	Canada	1,302.35
NA	Yunnan Tin Group (Holding) Company Limited	Capital Management Limited	Kunming and Ze Investment Centre (Limited Partnership)	16.15	Zinc	China	331.68
11/7/2017	Volcan Compañía Minera S.A.A.	Glencore Plc	Shareholders of Volcan Compañía Minera S.A.A.	20.39	Zinc	Peru	956.38

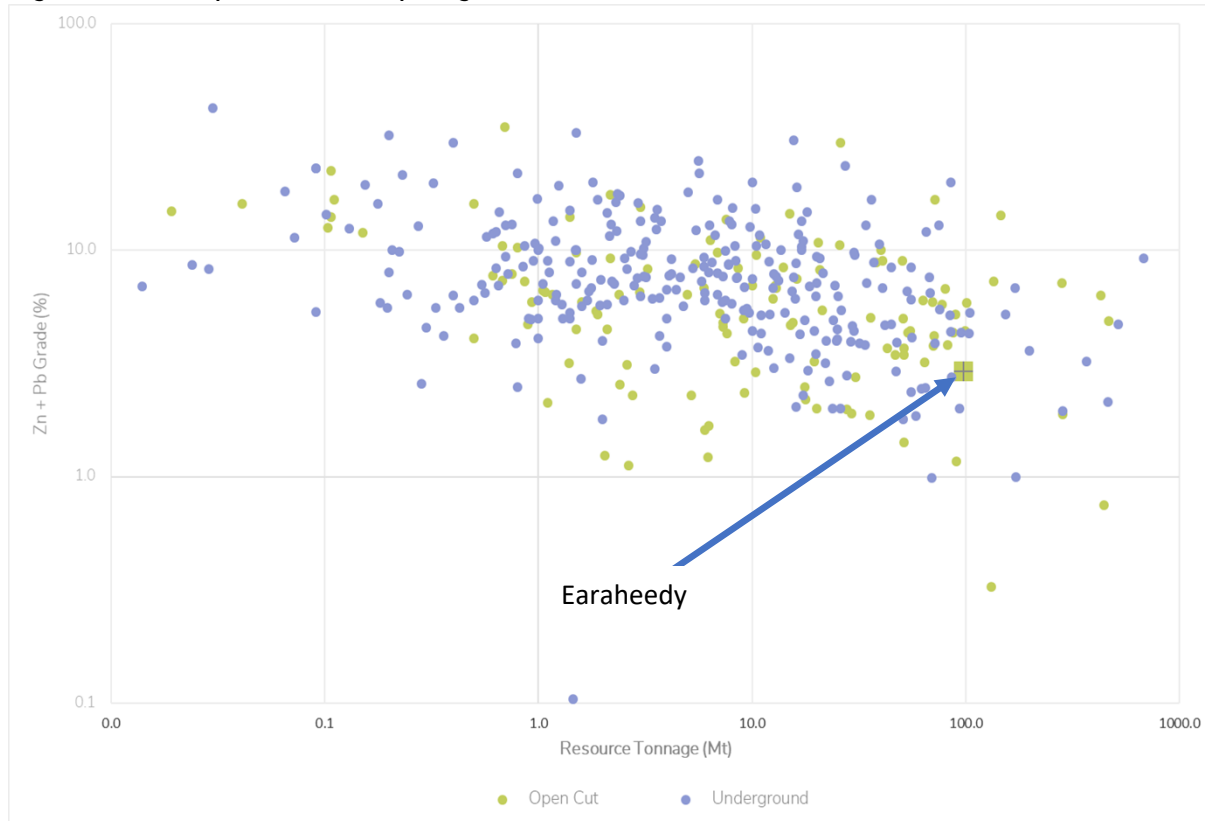
Source: S&P Global Intelligence.

The ‘Against’

Lower grade

The most obvious pushback to Rumble Resources from investors is likely to be due to the relatively low grade of the existing resource, as compared with other global zinc deposits.

Figure 24: Earraheedy sits as a relatively low grade zinc resource

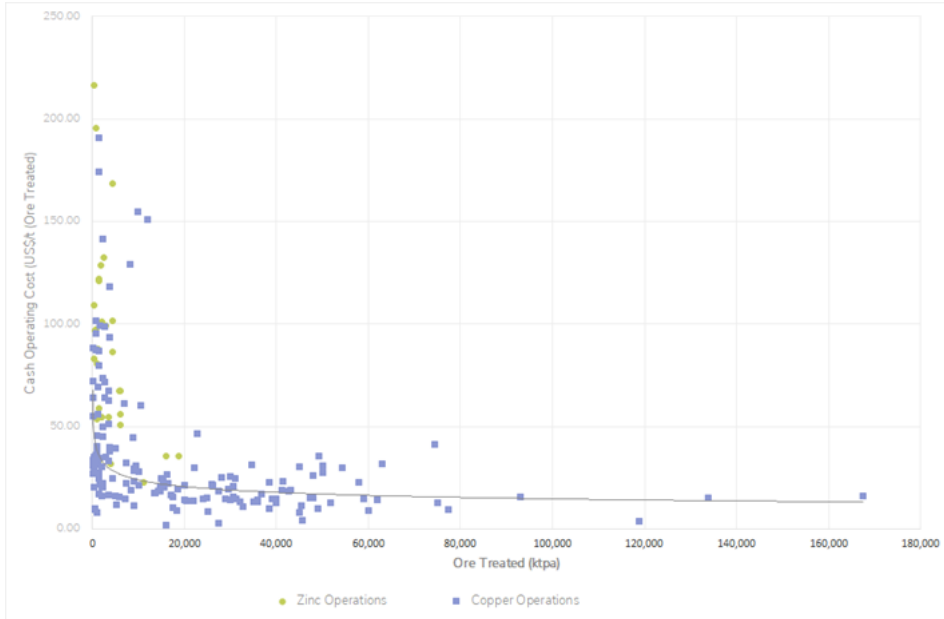


Source: S&P Global Intelligence.

Grade is nearly always a critical feature of base metals projects in determining project economics (we review potential operational scenarios further in the valuation section of this report). At this stage, we would flag that the likely open cut nature of any potential Earraheedy operation, plus the large scale of the orebody (and potential super-scale) does provide some ameliorating factors when considered in the context of the relatively lower-grade orebody. In that context, we make two points:

- **Scale:** We discussed in an earlier section of this report that, the near-surface nature of the orebody may bring potential operating cost benefits through development of a large scale operation (only typically possible if also supported by a large or super-large scale orebody).

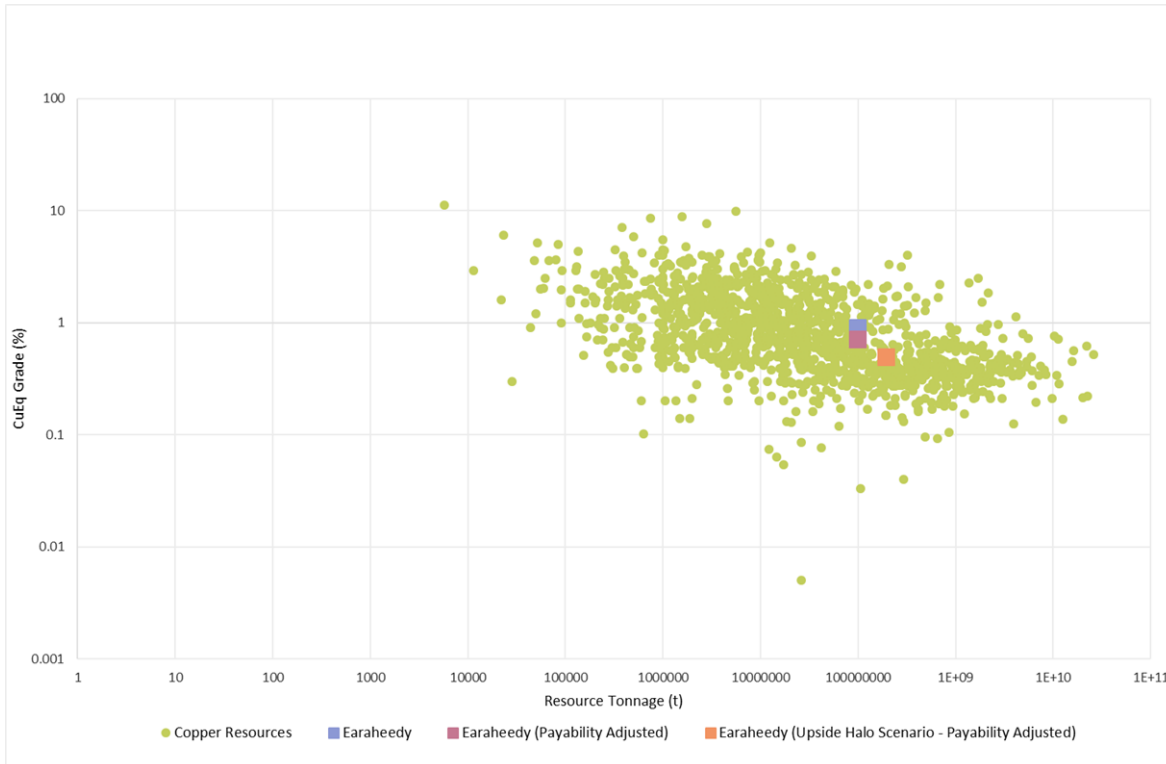
Figure 25: Large scale open pit base metals operations can exhibit significantly lower operating costs than smaller operations



Source: S&P Global Intelligence.

- Looking outside just the Zinc-Lead data set:** As mentioned earlier in this report, there is a relatively small data set of large scale, open cut zinc mines operating globally, although there are numerous large scale open-cut copper sulphide resources globally being successfully mined at grades ~0.5% Cu (and with near-surface, lower grade sulphide mining and processing being largely similar in nature regardless of the base metals being targeted). As displayed in the figure below, when comparing on a Copper Equivalent (CuEq) basis (Using the long-term ratio of metals prices to convert between the metals contents) we can see that Earraheedy exhibits a similar grade (on a metal equivalent basis) to a larger number of open cut copper resources globally. We acknowledge that this is high-level analysis, and it is only after detailed scoping study work that a clearer picture of operating costs and project economics will emerge.

Figure 26: On a Copper Equivalent basis, Earraheedy does not appear to be a grade outlier



Source: Company data & S&P Global Intelligence.

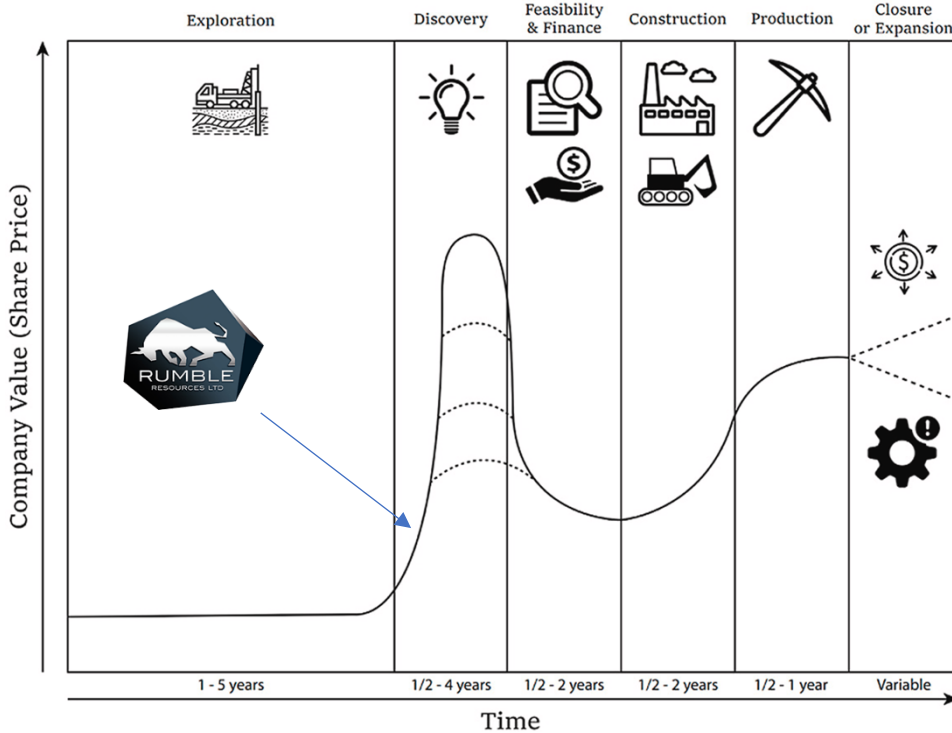
Remember, DMS provides the opportunity to supercharge this project: As outlined in the valuation section of this report, we have attempted to place order of magnitude economics around a potential Earraheedy project, and as part of that process it became clear to us that upcoming test and study-work for DMS will be critical to Earraheedy economics.

Still a long way from production

Earlier in this report we characterised Rumble as being in the very early stages of the discovery journey at Earahedy. Accordingly, the stock is unlikely to be a cash generator for at least 4-5 years, and potentially longer (in our view). We understand, the company intends on commencing a scoping study towards the latter stages of CY23, alongside the ongoing drilling programmes (which should see continued positive newsflow over the coming 12 months)

On the positive side, we flag that the early stage nature of the business (combined with the significant prospectivity we see for material resources increase) means that Rumble Resources is currently positioned in the most attractive part of the well established Project development Lassonde Curve – where project development stocks typically perform well as resources are discovered and expanded through the exploration and discovery phase.

Figure 27: Rumble is in the early stages of the Discovery phase



Source: Resources Policy Journal & Wilsons.

Ultimate ownership unclear

At present the lionshare of the existing resource sits on tenements which are 75% owned by Rumble Resources. However it appears to us that any meaningful lateral expansion to the orebody will likely be in ground which is 100% owned by RTR, accordingly ultimate project ownership will depend on the extent and location of additional resource definition over coming years.

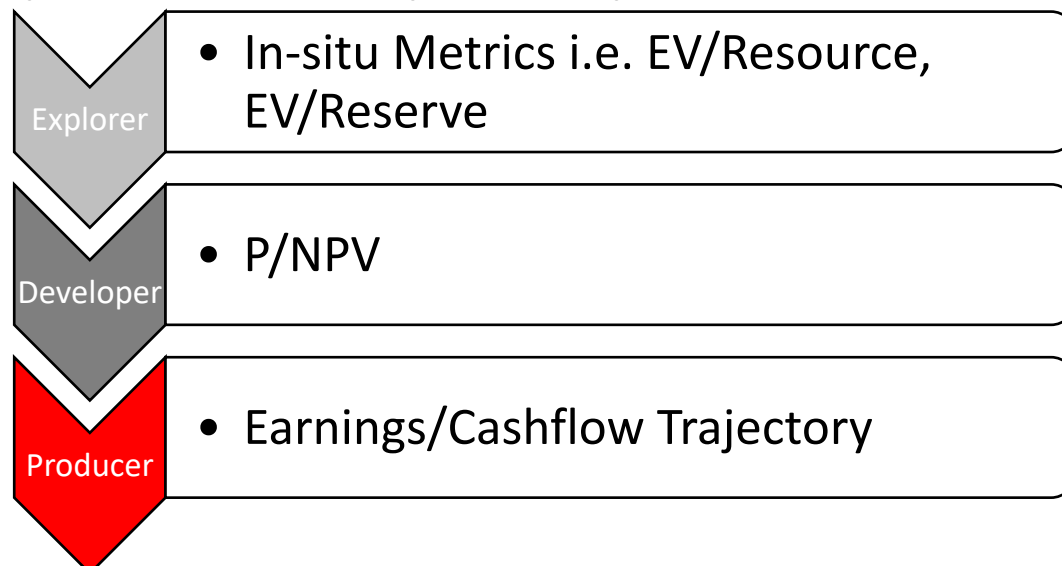
Unclear funding path

Given the early stage nature of the project, there remains significant uncertainty over capex requirements, and accordingly over final funding mix. At this stage RTR remain debt free as one might expect for a company at this stage in its life cycle. The ultimate size of the plant will determine the capex as shown in the figure below. Please refer to the valuation section of this report for discussion of the potential scale of the necessary capital commitment. (which we see as potentially likely to be between US\$200m and potentially up to US\$1bn, depending on ultimate project scale)

How we value stocks in the mining sector

We believe that as a mining stock move through its life cycle – from explorer, to developer, to producer – the market will give primacy varying metrics as the company evolves. While we always aim to look holistically at a board range of relevant valuation metrics (typically our target price formation will be informed by the base frame work outlined below.

Figure 28: Wilsons framework for valuing stocks in the mining sector



Source: Wilsons.

This framework will have various exceptions and caveats specific to each company, and our job as equity analysts is to identify the idiosyncratic features of specific stocks which may require emphasis of differing metrics at differing points in a company's life cycle (or in different market conditions). Furthermore, qualitative overlays, such as Management Quality & ESG considerations, may also contribute to valuation from time to time.. Accordingly, we consider the above framework, as a high-level starting point in our approach to valuation within the sector.

We expand on the graphic above in the discussion below

Prospectors: Analyst Judgement

'Prospectors do not appear in the graphic above, but for completeness we discuss our approach to analysis prospectors here. We typically consider a 'Prospector' to be a very early stage exploration company which has yet to declare any form of mineral resource. Prospectors which we might consider for research coverage have typically moved past the geophysics/non-invasive geological techniques stage, and have commenced some form of drilling or physical sampling of potential mineral targets. Prospectors present a challenge for analysts as there is relatively limited analytical value which can be added through use of any recognised valuation technique given the very early stage nature of these types of businesses.. Only a very small number of prospecting properties will ultimately become mining properties, but until exploration potential is reasonably well tested, it is highly subjective exercise to assess value. Accordingly, any coverage of prospectors will rely heavily on Analyst experience and subjective judgement (i.e. Perhaps comparing market capitalisations with similar companies and making a judgement call on the quality of early stage drill results) for price target consideration.

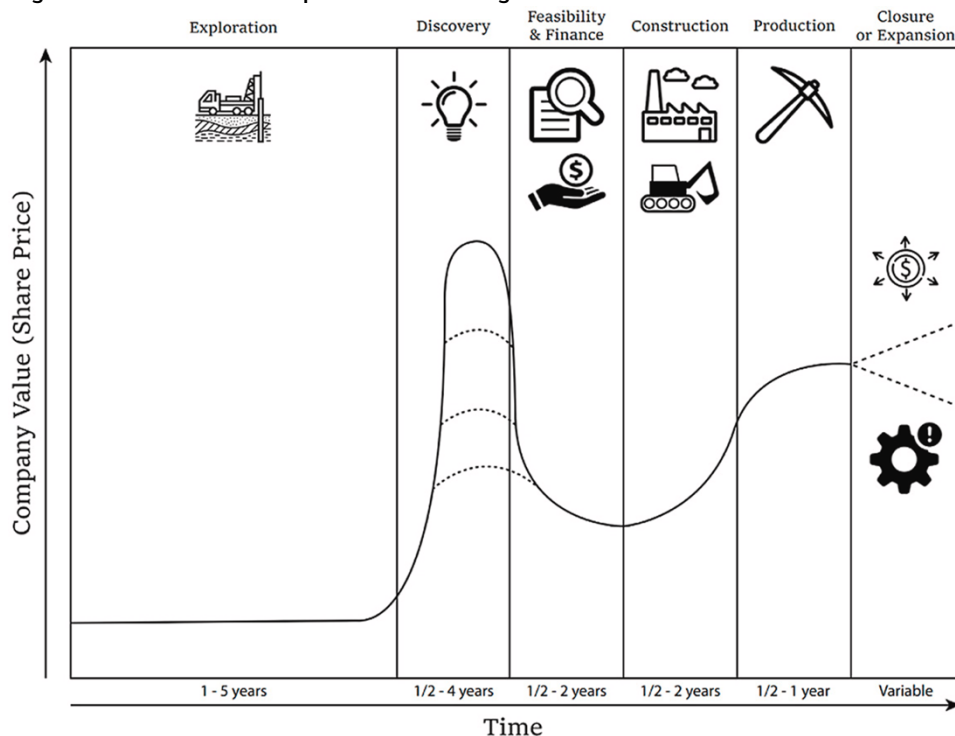
Explorers: In-situ Metrics

Typically, we define an "Explorer" as a company which has declared a maiden resource estimate. Some form of resource base (even if relatively low confidence) at least begins to provide us with the ability to use metrics such as EV/Resource to gain a sense of relative valuation versus peers at a similar stage in their lifecycle. At this stage we make the caveat that in-situ metrics are one of our least preferred valuation tools, given their significant shortcomings (i.e. In-situ metrics such as EV/Resource or even EV/Reserve make no distinctions between resource or reserve tonnes which are expensive to extract versus those that can be extracted for minimal outlay). We use these metrics for explorer as typical there is little other information available. As soon as practical for 'explorers' we will attempt to move them into the 'Developer' category, in that we will make every effort to estimate development and operating costs of a potential operation. In our experience, the market begins to value very advanced stage explorers on a P/NPV approach as soon as it becomes possible to make broadly acceptable assumptions on things such as development capex and operating cost for a given exploration target.

Developers: P/NPV

We will typically define a company as a 'Developer' after the first economic study has been completed for project development. This covers anything from Scoping studies or Preliminary Economics Assessments through to Definitive Feasibility and FEED studies. The publication of such studies typically allows for independent assessment of project NPV (using DCF) using the study metrics (i.e. operating costs, project scale and capex) as a basis for our own calculations of project value. We note that our valuation of a project will usually differ from the from the NPV figures published in company studies, as analytical assumptions on things such as commodity price and discount rate may vary from study assumptions.

Figure 29: We believe developers will move along the Lassoende curve



Source: Resources Policy Journal.

For developers, we adhere to the view that the share price will move along the Lassoende Curve (see figure above) as the project progresses through the evaluation stages.

It is here where we also slightly differ from many of our peers: as a general rule (there can occasionally be exceptions) we will tend not to vary the discount rate wildly that we use for all project valuations, we will also avoid (for the most part) placing arbitrary 'discount weightings' next to certain early stage projects which we incorporate into a company's NPV (i.e. a project NPV will typically either be 100% included in our company NPV, or will not be included at all). Our rationale for doing so is that we believe the market will typically look to price stocks at this stage of development on the basis of a P/NPV (using either study NPV's or analyst NPV's), and will typically apply discounts to NPV for various factors, such as geopolitical risk, development risk, funding risk etc. Accordingly, if we were to vary both discount rates significantly and apply 'discount factors' to some projects but not to others we believe this 'muddies' the ability of investors to make their own judgements on appropriate P/NPV ratios for differing minerals development companies (i.e. if comparing two identical operations, but one is based in a high geopolitical risk country and one in a low geopolitical risk country, and investor will typically use the Study NPV as a starting point then apply a chosen P/NPV to the higher risk project, if we had already used a higher discount rate in calculation of our NPV, then clearly those two NPV's are not equivalent starting points when using this approach). For reference, we typically use a real discount rate of 10% in our NPV calculations.

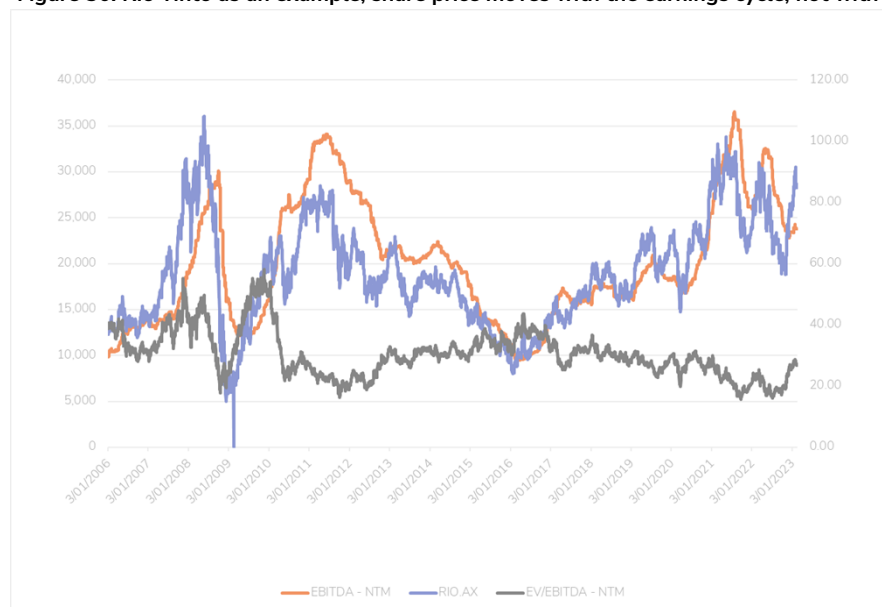
Producers: Earnings Trajectory

For established producers, while we believe that metrics such as NPV, EV/EBITDA and FCF yield are important markers (particularly on a relative basis between peers), we think it can sometimes be risky to use these metrics in isolation for investment decision-making involving producers in the mining space. History shows us that the highly cyclical nature of earnings streams in the mining sector means that the earnings cycle invariably has a greater amplitude than the multiple cycle (such as EV/EBITDA or P/NAV) – and is a greater driver of share price performance over the medium to longer term than conventional multiple metrics. As evidence, we cite the chart below, which show extensive trading history for an established producer. It is notable that the company's share price performance over time is highly correlated with its 12-month forward EBITDA forecast and actually exhibits quite low correlation (on a >6-month view) with widely used multiple metrics (such as EV/EBITDA).

In the example below there are many periods when we can observe the shares trading at a premium multiple versus history (which conventional wisdom would argue is a time to sell on valuation grounds), but then the share price continues to rise in line with the earnings trajectory. Similarly, there are many times when the multiple is very low by historic standards, which convention would suggest is a good time to buy, but if the earnings trajectory is negative, then the share price tends to follow.

We have observed the same relationship as displayed below for nearly all producing mining companies (and indeed for nearly all highly cyclical sectors), every time we have updated charts like these over the past 20 years of covering the sector.

Figure 30: Rio Tinto as an example, share price moves with the earnings cycle, not with valuation multiples



Source: Wilsons & Refinitiv.

How does Rumble Resources fit into this framework?

Rumble resources is clearly an EXPLORER (based on our framework), and accordingly we utilise in-situ metrics as our principal valuation tool (and for generation or Target Price). That said, we have also conducted significant sensitivity analysis using NPV, in examining a range of potential project development options (following some high level project benchmarking for appropriate capex and opex levels).

In-situ Valuation

A lack of listed zinc development/exploration peers which are even broadly comparable with Rumble Resources means we are relatively limited in using comparable peers to ascertain an appropriate EV/Resource target multiple. As a result, we have generated a number of potential valuations based on differing criteria, in two main categories:

- Using a target EV/Resource metric which is in line with RTR's existing/recent trading history (average trading level of ~25x EV/Resource since the Maiden Resource was declared in 18th April 2023), and considering scenarios where it is the resource base that changes (in line with reasonable expectations for resource growth as discussed in the earlier section on resource upside potential) rather than the target multiple expansion.
- Utilising the most recent major zinc development project acquisition metrics (in this case South32's Acquisition of the Hermosa Zinc-Lead project in 2018), while also making adjustments in a further scenario based of the material difference in grade between Earraheedy and the Hermosa project.

Figure 31: We calculate an average value of ~A40cps utilizing various in-situ metric calculations

Valuation Scenario	Resource (Mt)	Zn Eq Grade	CuEq Grade	Contained Zn eq (Zn, Pb & Ag)	Assumed EV/Resource ratio (US\$/t Zn eq.)	EV (US\$m)	EV (A\$m)	Mkt cap (A\$m)	Valuation (A\$/share)
Rumble (Using Hermosa Acquisition Multiples)	94	3.0%	1.0%	2,842	109	310	463	463	0.74
Rumble (Using Hermosa Acquisition Multiple - Grade Adjusted)	94	3.0%	1.0%	2,842	36	103	153	153	0.24
Rumble (Current EV/Resource Multiple - with 200Mt @ Same Grade)	200	3.0%	1.0%	6,048	25	150	224	224	0.36
Rumble (Current EV/ Resource Multiple (375Mt @ 0.5% CuEq Grade (~1.5% Zn +Pb%) - Using grade tonnage curve)	375	1.5%	0.5%	5707	25	142	212	212	0.34
Rumble (Current EV/Resource Multiple (375Mt @ 0.5% CuEq Grade (~1.5% Zn+Pb%) - Using grade tonnage curve - payabilities applied)	375	1.2%	0.5%	4358	25	108	162	162	0.26
								Mean	0.39

Source: Company data & Wilsons Estimates.

Early stage NPV Analysis

Given the inherent limitations of in-situ metric valuation (as discussed in the previous valuation section), where possible we believe the use of DCF project analysis can provide confidence for investors, and assist in recognising critical issues which may materially impact longer term project economics.

Capex & Opex Benchmarking: Given the lack of any formal study work on the project, this has necessitated some 'grassroots' benchmarking research to attempt to estimate key economic inputs. The overall scale of the project is presently very much a guessing game, accordingly we have attempted to benchmark capital development and operating costs for other base metals operations, across a range of differing project sizes.

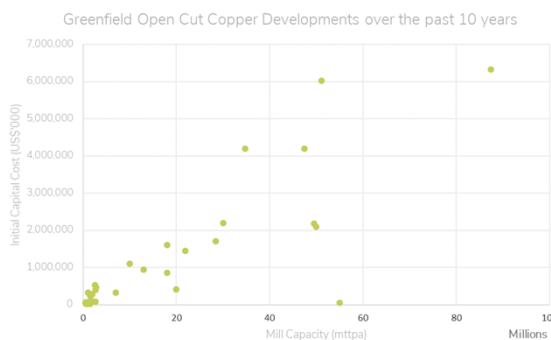
As we have found throughout our sector analysis within this report, the lack of larger scale open cut zinc operations resulted in limited useful data when simple benchmarking to other zinc-lead operations, and the copper industry has been used as a proxy to benchmark for appropriate opex and capex levels.

Figure 32: There are very few global zinc developments to compare to, in particular at large scales (i.e. >10Mtpa throughput)



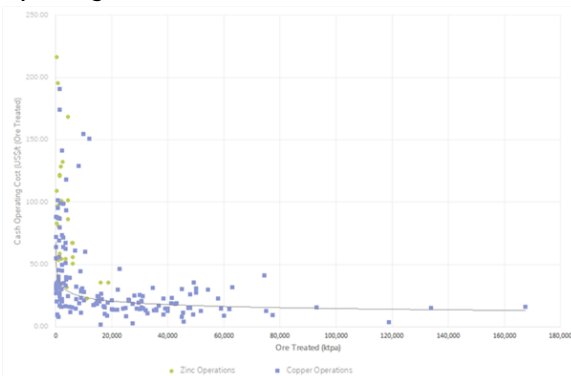
Source: S&P Global Intelligence.

Figure 33: There are a large amount of copper developments at large scale to utilize for board capital cost benchmarking



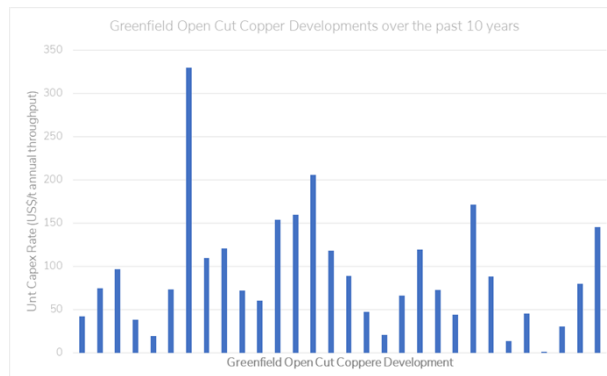
Source: S&P Global Intelligence.

Figure 34: Larger scale open cut base metals operations suggest operating costs of <US\$50/t Ore treated is a reasonable assumption



Source: S&P Global Intelligence.

Figure 35: Benchmarking against the copper developments suggest unit capex rates of US\$50-100/t annual throughput appear reasonable



Source: S&P Global Intelligence.

We stress that at this very early stage in the project development process, our NPV analysis should only be seen as indicative, and we have avoided publishing a single 'base case' NPV at this point, instead presenting a range of potential outcomes.

Below we present tables showing various capital cost and NPV outcomes for the project (and for the shares), based on a number of preliminary assumptions:

- A long term zinc price of US\$1.15/lb
- A 10% real discount rate
- A mining rate of 10Mtpa of ore for 30 years.
- Zinc recovery of 85% (slightly below initial met testwork results), for annual zinc in concentrate production of ~200ktpa
- Capex based on the size of the processing plant (rather than the size of the mine), whereby the amount of ore treated (versus the amount of ore mined) is reduced by the DMS upgrade factor (i.e. a DMS upgrade factor of 2x means 10Mtpa of ore will be mined, with only 5Mtpa being used at the processing volume for purposes of project capex estimate.
- A mining cost of ~US\$15/t ore mined, and a processing cost of ~US\$50/t ore processed.
- NPV per share metrics are presented on a FULLY FUNDED/DILUTED basis, assuming a 60/40 debt equity split for development capex funding. We also assume 2 x A\$30M equity raises over the next 2-3 years to fund exploration and evaluation study work.

Figure 36: Initial Capital Cost & potential impact of the DMS are the key drivers of Project value variability (based on our early stage assumptions)

		Initial Project Capex (US\$m)												
		DMS Upgrade Factor												
Capex Rate/Ore Treated (US\$/t)		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
150		1500	1000	750	600	500	429	375	333	300	273	250	231	214
125		1250	833	625	500	417	357	313	278	250	227	208	192	179
100		1000	667	500	400	333	286	250	222	200	182	167	154	143
75		750	500	375	300	250	214	188	167	150	136	125	115	107
50		500	333	250	200	167	143	125	111	100	91	83	77	71

		Cash Operating Cost (USc/lb Zn)												
		DMS Upgrade Factor												
		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
		83	78	76	74	73	72	72	71	71	71	70	70	70

		100% Asset NPV (A\$m)												
		DMS Upgrade Factor												
Capex Rate/Ore Treated (US\$/t)		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
150		-730	-151	139	313	428	511	573	621	660	692	718	740	759
125		-530	-17	239	393	495	568	623	666	700	728	751	771	788
100		-329	116	339	473	562	626	673	711	740	765	785	802	817
75		-129	250	440	553	629	683	724	755	780	801	818	833	845
50		72	384	540	633	696	740	774	800	820	837	852	864	874

		NPV/Share (A\$) (Fully Diluted 60/40 Debt/Equity Funding Mix)												
		DMS Upgrade Factor												
Capex Rate/Ore Treated (US\$/t)		1	1.5	2	2.5	3	3.5	4	4.5	5	5.5	6	6.5	7
150		-0.59	-0.34	-0.15	-0.01	0.10	0.19	0.26	0.33	0.38	0.42	0.46	0.50	0.53
125		-0.51	-0.25	-0.07	0.07	0.18	0.27	0.34	0.40	0.45	0.49	0.53	0.56	0.59
100		-0.42	-0.15	0.04	0.18	0.28	0.36	0.43	0.48	0.53	0.57	0.60	0.63	0.66
75		-0.30	-0.02	0.16	0.29	0.39	0.47	0.53	0.57	0.61	0.65	0.68	0.70	0.72
50		-0.14	0.14	0.32	0.44	0.52	0.59	0.64	0.68	0.71	0.74	0.76	0.78	0.80

Source: Wilsons.

What our analysis shows is that the key for this project (based on our underlying assumptions) is the success of the DMS trials. Without DMS, our high-level assumptions show a project exhibiting modest returns (although still NPV positive at lower capex assumptions), however the success of utilising DMS to upgrade ore into the processing plant could 'supercharge' the value of the project.

Asset Snapshot -Earaheedy

The emerging, world class Earaheedy Zn-Pb-Ag Project is located 110km northeast of Wiluna in Western Australia, with access to major highways, power (gas pipeline), rail, ports, airports and experienced mining workforce

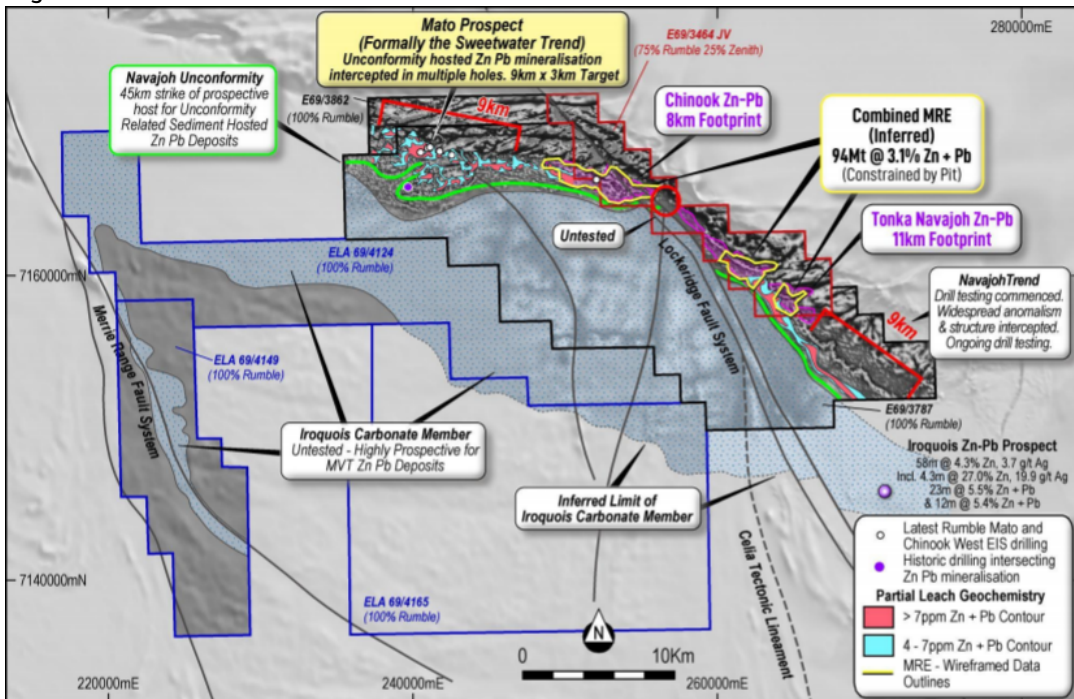
Figure 37: The Earaheedy Project is located in central Western Australia



Source: Company data.

The Project includes tenement (E69/3464), which forms the Rumble Resources Ltd 75% / Zenith Minerals Ltd (ASX: ZNC) 25% Joint Venture ("JV"), E69/3787, E69/3862 and newly added E69/4124, E69/4149 and E69/4165, which are 100% owned by Rumble

Figure 38:



Source: Company data.

Appendix: Dense Media Separation (DMS)

Density medium separation (DMS) is a physical processing methodology that uses differentials in density to separate particles. Particles are introduced into a medium suspension of a given density and if the particles are more dense than the medium density they sink whereas particles that are less dense than the medium density rise. DMS can materially upgrade ore in certain circumstances, there are a number of case studies of zinc-lead operations successfully using DMS to upgrade plant feed globally (outlined below)

Figure 39: Significant upgrading of plant feed is possible using DMS (for certain ore types)

	Project	DMS & Ore Sorting Examples
1	Pering (Zn-Pb) South Africa	<ul style="list-style-type: none"> Resource 50Mt @ 1.1% Zn and 0.3% Pb – MVT Type Open Pit Deposit DMS delivered 4x upgrade (3.9% Zn and 1.1% Pb) DMS rejected 80% of waste
2	Sabre's Border (Zn-Pb) Namibia	<ul style="list-style-type: none"> Resource 16.2Mt @ 1.53% Zn and 0.59% Pb – MVT Type Open Pit Deposit DMS delivered 8 x Upgrade (12.5% Zn and 6.3% Pb) DMS rejected 83% of waste
3	Sorby Hills (Pb-Ag) Western Australia	<ul style="list-style-type: none"> Resource 13.5Mt @ 3.6% Pb and 40g/t Ag (~2.6% ZnEq) MVT Type Open Pit Deposit DMS delivered 2.5 x Upgrade of lower grade material DMS rejected 70% of waste

Source: Company data.

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Recommendation structure and other definitions

Definitions at wilsonsadvisory.com.au/disclosures.

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