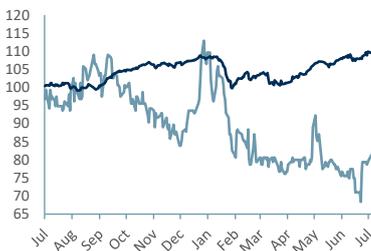


INITIATION

VALUE RANGE

CAD 2.73 – 3.02



RMX vs. TSX Composite price relative (darker line)

Monday, 16 July 2018

Intrinsic Price	\$2.87
Value Range Low	\$2.73
Value Range High	\$3.02
Implied MCAP (m)	\$189.50
Implied EV (m)	\$176.70
TSX	RMX
Financial YE	31-Dec
Currency	CAD

Business Activity

Gold Mining

Key Metrics

Close Price	\$1.23
MCAP (m)	\$81.1
Net Debt (Cash) (m)	-\$12.8
EV (m)	\$68.3
52 Wk Hi	\$1.88
52 Wk Lo	\$1.05

Key Ratios

(Net Cash) /	-15.78%
Shareholder Equity %	
FX Rate C\$/USD	1.30

Mining Sector Research

TSX Market Index

Analyst Team

+44 20 7419 7928
 financials@acfequityresearch.com

Rubicon Minerals Corporation

High-grade gold deposits

Rubicon (RMX:TSX) is a Canadian high-grade gold exploration company in the prolific Red Lake District with significant infrastructure and experienced leadership. Potential economics are exceedingly strong, especially in a weak C\$ environment, milling is in place, bulk underground extraction looks possible. Key milestones include a feasibility study decision 2H18, bulk sampling results improving the project's scope and reducing costs, and further 2018E drilling and exploration updates. RMX should undergo an upward re-rating. Further exploration programs could improve both the estimated mineable resources and the probability of full-scale production starting within the next 2-3 years. Our valuation model assumes full-scale production starts within the next 2-3 years.

- Management led by George Ogilvie- a turnaround specialist;
- Presence in Red Lake District – a prolific gold mining region;
- Mineral resource est. (M+I+I) ~5.3 Mt containing ~1.0 Moz of Au;
- C\$770m of mining infrastructure in place including a 1,250 tpd mill;
- Upside exploration potential in close proximity to Phoenix project.

ACF est. CAD (mn)	Revenue	EBITDA	FCF	EPS	EPS (diluted)
2018E	0	-5	0	-0.10	-0.10
2019E	0	-15	-10	-0.29	-0.27

Multiples	EV/ Revenue	EV/ EBITDA	EV/ FCF	P/ EPS	P/ EPS (diluted)
2018E	NM	NM	NM	NM	NM
2019E	NM	NM	NM	NM	NM

Investment Case

16/07/2018

Share Price History	No. of Shares in issue
NoSh (m)	65.9
Implied Intrinsic Price	C\$3.06
Value Range Low	C\$2.90
Value Range High	C\$3.21
TSX	RMX
Financial YE	31-Dec
Reporting Currency	CAD

NoSh (m)

 NoSh (m) expected
dilution (Exp D)

 NoSh (m) full dilution
(FD)

Key Metrics

MCAP (m)	C\$81.11
Net Debt (Cash) (m)	-C\$12.80
EV (m)	C\$68.31
52 Wk Hi	C\$1.88
52 Wk Lo	C\$1.05
Free Float	99%

*Key Metrics FCF adj. 2018E

CPS (C\$)	0.00
CPS (Exp D) (C\$)	0.00
CPS (FD) (C\$)	0.00
P/CPS	NM
P/CPS (Exp D)	NM
P/CPS (FD)	NM

*Note that in the table above we show Free Cash Flow Per Share (CPS) based upon current NoSh, expected dilution (Exp D) and full dilution (FD). P/CPS uses the implied "close price" which is the mid-point of our valuation range as per front page and this page.

Competitive background

Rubicon Minerals Corporation (RMX), run by turnaround specialist George Ogilvie, is an advanced gold exploration company that owns land packages in the prolific Red Lake gold district in North-western Ontario, Canada. RMX aims to push its flagship Phoenix Gold project to commercial production over the next two to three years and so become a mid-tier gold producer. An updated April 2018 mineral resource estimate showed a 113% increase in reserves with potential for further expansion and improvement in classifications. RMX already boasts ~C\$770m of mining infrastructure, which should enable it to advance to production for a relatively low amount of additional capex. There is also more exploration potential in close proximity to its flagship project, Phoenix.

Presence in Prolific Red Lake Gold District

Rubicon has a substantial land package in Red Lake with more than 28,266 hectares of prospective gold bearing properties, accounting for ~40% of the entire regions claims. The Red Lake Gold District is one of the richest (high-grade) gold producing regions in the world, having produced over 29 Moz of gold.

High Grades in Flagship Phoenix Gold Project

The 100% owned Phoenix Gold Project is a high-grade gold target which hosts a NI 43-101 compliant inferred resource estimate of 3.88 Mt at 6.0 g/t for 749,000 Moz of gold. The company is continuing to advance the Phoenix project with additional drilling, test mining and bulk sample processing activities in 2018. There may be significant potential to further enhance the quantities and classifications of the mineral resource estimates. Potential returns are strong as significant capex (>CAD 770m) has already been spent on infrastructure including a 1,250 tpd mill, hoist and headframe, a shaft and more than 9 km of underground development. RMX is evaluating bulk mining extraction methods, which if successful could improve the project's economics.

Exploration Upside Potential

Exploration upside is a key part of the story (excluded from our valuation). Multiple, stacked veins appear open along strike and to depth. RMX has a vast Red Lake Gold land package and has targets evaluated and ranked by, Golder Associates, an exploration consultant with >20 years' experience of the Red Lake region. RMX has identified several prospective grassroots exploration targets within 2km of its flagship Phoenix project.

Catalysts

Potential for improvement in grade, tonnes and ounces of mineral resources; results from bulk sampling; decision on feasibility study; exploration upside from near-proximity targets.

Operational Strategy

Rubicon Minerals Corp (RMX) is a junior gold exploration company focused on the Phoenix gold project in the prolific Red Lake District in Ontario, Canada.

RMX is targeting commercial production at Phoenix in the next 2-3 years.

Rubicon's operational strategy revolves around two key initiatives – 1) Advancement of the Phoenix Gold Project to commercial production and 2) Organic exploration growth opportunities within 2 km of the Phoenix Gold Project.

Phoenix has attractive financial characteristics, including low new capex and only minor refurbishment needed at an existing, fully-permitted mill. In addition, costs are billed in CAD, the value of which is declining, and revenues are billed in USD, which is strengthening (broadly).

2018 Mineral Resource Estimates showed a 113% increase.

Key milestones include a decision on running a feasibility study in 2H18; results from bulk sampling that could significantly improve the project's scope and costs; and updates throughout 2018E on the on-going drilling and exploration program.

- **Phoenix Gold Project** - The company's goal is to position itself as a mid-tier gold company (i.e. move from explorer to producer) by converting its flagship Phoenix Gold Exploration Project to commercial production over the next two to three years.

High-grades: The 100%-owned Phoenix project is a high-grade gold target in one of the richest (high-grade) gold producing regions in the world. The Phoenix Gold Project 2018 updated Mineral Resource Estimate (MRE) demonstrate significant increases in ounces (+91%), grades (+12%), and tonnes (+113%) vs. the MRE 2016. The NI 43-101 describes **M+I+I** (see glossary at end of this note) of 281 koz gold grading 6.37 g/t plus Inferred resources of 749 koz grading 6.0 g/t, both at a 3.0 g/t cut-off.

Likelihood of deposits being accessible via bulk mining methods.

Early observations from the 2018 test mining infill drilling and underground development samples suggest grades consistent with the MRE 2018. While the project is still early stage and drill spacing is wide, it is possible to infer that the recent structural interpretation of the deposits justifies the evaluation cost of underground bulk extraction methods. RMX anticipates extracting a bulk sample between 25,000 to 30,000 tonnes, allowing RMX to examine the feasibility of bulk mining methods.

Robust mining infrastructure already in place.

We see potential for resource growth at Phoenix. The project veins remain open along strike and to depth. Historical drilling intersected high-grade intercepts to a depth of 1,600m below surface, well below the MRE 2018 floor of 1,350m elevation. This suggests RMX may pursue further exploration drilling in the future, which may in turn add to the amount of recoverable mineral resources.

C\$770 million infrastructure – a key advantage: RMX has substantial mine infrastructure in place including 1,250 tpd mill, tailings management facility, a 200-person camp, earth and civil works in place, a fully commissioned hoist and headframe, a shaft that is approximately 730-metres deep, mobile equipment and more than nine kilometres of underground development. This substantially lowers the amount of new capex required to start production.

Located in one of richest gold producing regions.

- **Riedel vein system** - During 2017 RMX geologists revised the geological model at Phoenix using additional drilling data and further observation of the geological structure, which led to the identification of the Riedel vein system as the primary host for gold mineralization. In addition, the new structural interpretation appears to show more gold mineralization continuity compared to the 2016 structural interpretation. Following modelling revisions and additional drill data the MRE 2018 reported notable increases in ounces.

Several key milestones expected in the next 12-24 months.

- **Geological location and structural interpretation:** - The Phoenix Gold project is in the Red Lake District, one of the richest (high-grade) gold producing regions in the world having produced over 29 Moz of gold.

Stable political environment - Canada provides a stable geopolitical, tax, operating environment, and permitting regime for gold miners.

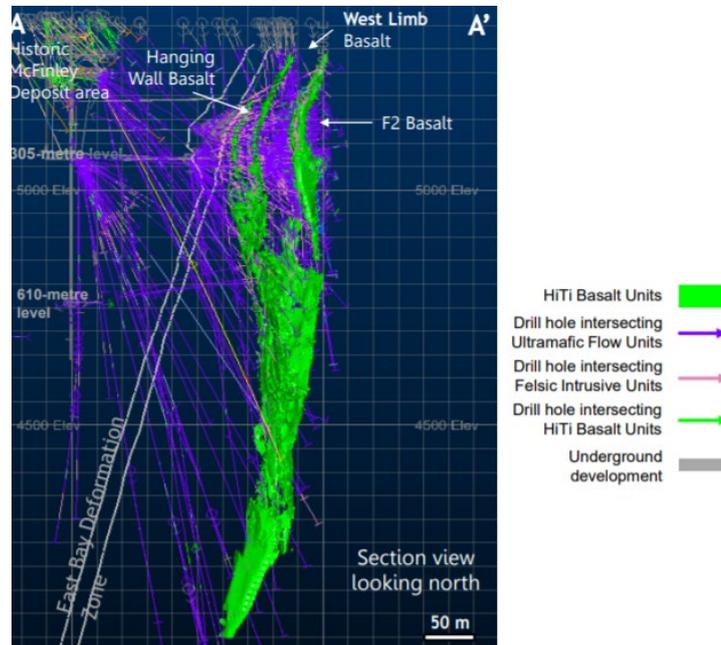
The F2 Gold deposit within the Phoenix Gold property is the primary target area for RMX. There are three predominant HiTi Basalt Zones that comprise the F2 gold deposit (from west to east): HW Basalt Zone, WL Basalt Zone, and the F2 Basalt Zone. RMX has updated its interpretation of the structural geology of the F2 deposit at its Phoenix gold project near Red Lake. The main findings are:

Strong exploration upside in close proximity targets.

- The identification of Riedel Vein system within the HiTi Basalt Units (the main host rock) and the felsic intrusive units;
- The latest interpretation appears to show more continuity of gold mineralization within the HiTi Basalt Units compared to the 2016 structural interpretation;
- The new structural interpretation has simplified and improved future modeling and allows for the evaluation of bulk mining methods.

Strong management team with a reputation of being turnaround specialists

Exhibit 1: F2 Gold Deposit Geology

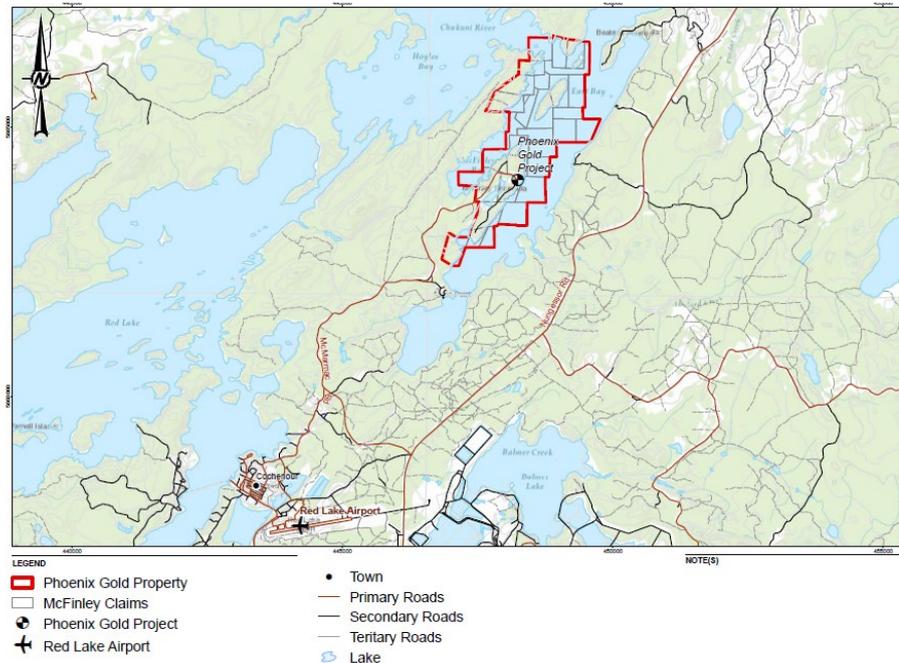


Source: Company reports

The Phoenix Gold project is located in the southwestern part of Bateman Township within the Red Lake mining district of North-western Ontario, Canada. The total area of the mineral tenure is 510.4 hectares. It is centred on the historical McFinley shaft. The property is 100% owned by RMX. The property is subject to 2% net smelter return (NSR) which is payable to Franco-Nevada Corporation. RMX has the option to reduce the NSR by 0.5% by making a one-time payment of USD 675k at any time.

The project is easily-accessible by Highway 105, a network of gravel roads, a bus service, and a regional airport. The power provided is plentiful, as are local mining-related resources including diamond drilling, civil engineering, geology, geophysics, mine contractors and chemical assay labs.

Exhibit 2: Phoenix Property Map



Source: Company Reports.

• **Key Milestones** - We expect RMX to reach a number of key milestones over the next 12-24 months, which could drive the project from exploration to production:

- 20,000 meter of infill and step-out drilling which could potentially improve the classification of inferred resources;
- Model reconciliation based on 25,000 to 30,000 tonnes of bulk sample processing. The model reconciliation exercise could further validate the 2018 Mineral Resource Estimate and improve confidence in the established modelling and estimation processes;
- Evaluate the historical data from the McFinley Deposit and close proximity exploration targets;
- Decision on feasibility study 2H18E. The study will increase confidence in metallurgy, mine planning, and the MRE.

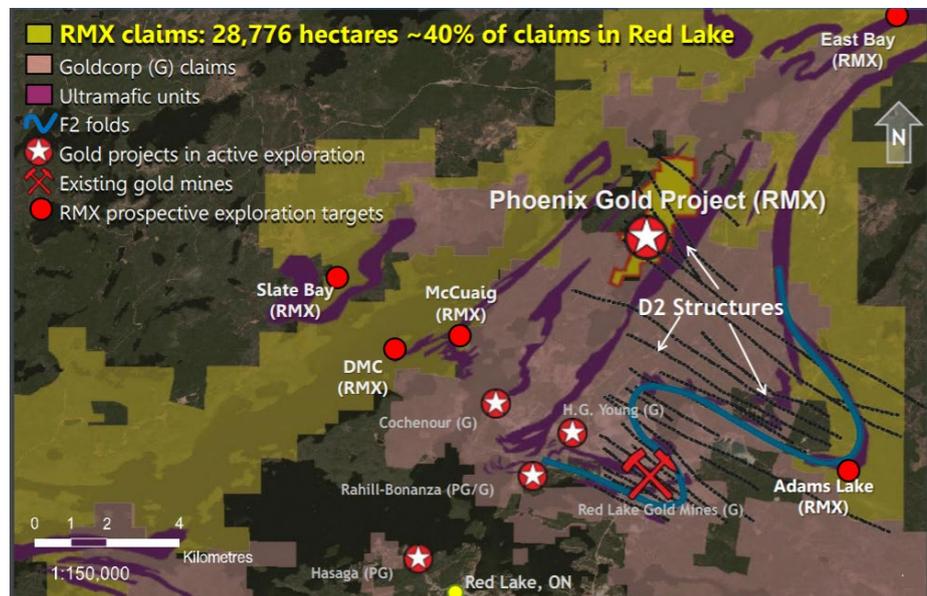
• **Exploration Targets** - RMX is evaluating other potential targets for further exploration. This includes its McFinley Deposit and other close proximity targets (Peninsula, CARZ, and Island Zones) located within 2 km northeast of the Phoenix project.

Strong management team led by a turnaround specialist.

The Company drilled three exploration holes to test the potential extension of the historic McFinley Deposit at depth. The results were encouraging and RMX plans a small number of test holes to gather more information on the McFinley Deposit.

• **Management Team** - RMX is led by an accomplished team of mining professionals who, by reputations, have the capacity to execute RMX’s strategy. The team is led by CEO, George Ogilvie, who has a reputation for turning around companies and who has expertise in high-grade, narrow vein gold deposits such as Phoenix. Mr. Ogilvie is a mining engineer who began his career in 1989 with AngloGold in South Africa working in the ultra-deep, high-grade gold mines in the Witwatersrand basin. He joined RMX in July 2016 and was successful in raising ~C\$45m to support exploration expenditure over the next two to three years. Prior to joining RMX, Mr. Ogilvie was the CEO of Kirkland Lake Gold from 2013 to 2016, where he turned around operations at the company’s Macassa mine and successfully led acquisition of the St Andrew Goldfields. Prior to that, Mr. Ogilvie led Rambler Metals and Mining from exploration stage to profitable junior producer.

Exhibit 3: Red Lake Gold District – An Overview



Source: Company Reports.

Exhibit 4: **Material Growth in 2018 Mineral Resources**

	Quantity (000't)			Grade (g/t Au)			Contained Gold Oz (000)		
	2018	2016	Change	2018	2016	Change	2018	2016	Change
3.0 g/t Au									
Measured (M)	188	0	N/A	6.80	0.00	N/A	41	0	N/A
Indicated (I)	1,186	719	65%	6.30	5.71	10.3%	240	132	81.8%
Total M+I	1,374	719	91%	6.37	5.71	11.6%	281	132	112.9%
Inferred	3,884	2,491	56%	6.00	5.18	15.8%	749	415	80.5%
3.5 g/t Au									
Measured (M)	155	0	N/A	7.54	0.00	N/A	38	0	N/A
Indicated (I)	964	601	60%	7.01	6.19	13.0%	217	120	81.0%
Total M+I	1,119	601	86%	7.08	6.19	14.4%	255	120	113.0%
Inferred	3,146	1,959	61%	6.64	5.71	16.3%	672	360	87.0%
4.0 g/t Au									
Measured (M)	129	0	N/A	8.29	0.00	N/A	35	0	N/A
Indicated (I)	779	492	58%	7.78	6.73	16.0%	195	106	84.0%
Total M+I	909	492	85%	7.86	6.73	17.0%	230	106	117.0%
Inferred	2,556	1,519	68%	7.31	6.28	16.0%	601	307	96.0%

Source: Company Reports.

- **NI 43-101 Resource:** Mineral resources are spread across four zones at the Phoenix Gold project. Resources were calculated predominantly using Ordinary Kriging estimation. The base case Mineral Resource Estimate is reported at a cut-off of 3.0 g/t Au while other cut-offs are provided in order to demonstrate tonnage and grade sensitivities.

Exhibit 5: **Mineral Resource Sensitivities 2018**

Cut-off Grade (g/t Au)	Measured + Indicated Classification			Inferred Classification		
	Quantity (000't)	Grade (g/t Au)	Contained Gold Ounces (000)	Quantity (000't)	Grade (g/t Au)	Contained Gold Ounces (000)
2.0	2,167	4.94	344	6,475	4.58	954
2.5	1,729	5.62	313	5,045	5.24	851
3.0*	1,373	6.37	281	3,884	6.00	749
3.5	1,119	7.08	255	3,146	6.64	672
4.0	909	7.86	230	2,556	7.31	601
4.5	745	8.65	207	2,070	8.04	535
5.0	623	9.42	189	1,725	8.70	483

*Base Case Scenario: Mineral Resource Estimate uses break-even economic cut-off grade of 3.0 g/t Au

Source: Company Reports

Management Team

➤ President and CEO, George Ogilvie.



Mr. Ogilvie is a Professional Engineer, with more than 27 years of management, operating, and technical experience in the mining industry. Previously, George was the CEO of Kirkland Lake Gold Inc., where he and his team improved operations at the Macassa Mine and elevated the company's profile with the acquisition of St. Andrew Goldfields. Prior to this, Mr. Ogilvie was the CEO of Rambler Metals and Mining PLC, where he and his team guided the evolution of the company from grassroots exploration to a profitable junior producer. Mr. Ogilvie began his mining career in 1989 with AngloGold in South Africa working in the ultra-deep, high-grade, gold mines in the Witwatersrand Basin. Mr. Ogilvie received his B.Sc. (Hons.) in Mining and Petroleum Engineering from Strathclyde University in Glasgow, Scotland and holds his Mine Managers Certificate (South Africa).

➤ Chairman, Julian Kemp.



Mr. Kemp joined Rubicon in June 2010. He brings over 20 years of experience in mining industry mostly focused on restructuring and transforming exploration and development companies into producers. Mr. Kemp has been involved in senior leadership roles in various junior mining companies in North America as well as internationally. Mr. Kemp is a Chartered Accountant and holds a Bachelor of Business Administration degree from Wilfrid Laurier University.

➤ **CFO, Nicholas Nikolakakis.**



Mr. Nikolakakis has over 20 years of corporate finance, accounting and senior management experience within the mining sector. In his prior role of CFO at Rainy River Resources, he successfully raised more than \$150 million. Prior to Rainy River, Nick was the Vice President of Corporate Finance at Barrick Gold Corporation, where he led a US\$1.0 billion project financing deal for Barrick's Pueblo Viejo project in the Dominican Republic and successfully negotiated a US\$1.5 billion corporate revolving credit facility. Mr. Nikolakakis holds an Applied Science degree in Geological Engineering from the University of Waterloo and a Master of Business Administration from the University of Western Ontario's Ivey School of Business.

➤ **Director, Projects, Michael Willett.**



Mr. Willett is a Professional Engineer with more than 30 years of experience in mining industry. Prior to joining Rubicon, Mr. Willett has held senior management roles with March Consulting Associates Inc. where he was involved in various projects, studies and reviews relative to gold, base metals, potash and uranium mines and projects. Previously, Mr. Willett was the CEO of Tamerlane Ventures Inc. (2010-2013) where he led the advancement of the Pine Point Project in the Northwest Territories. During his career, Mr. Willett has worked on various exploration, pre-production, production and expansion projects across Canada including in the Red Lake and Timmins (Ontario) and Val d'Or (Quebec) mining camps.

Valuation

Exhibit 6: RMX WACC, DCF and Value Range

ACF est. CAD (m)	2017A	2018E	2019E	2020E	2021E
Revenue	0	0	0	0	61
EBITDA	-19	-5	-15	-21	35
Net Income	-17	-7	-19	-27	30
FCF	-19	0	-10	-15	35
CPS (diluted)	-0.28	0.00	-0.14	-0.21	0.50

RMX WACC Calc

Pre-tax cost of debt	8.0%
ETR	30.0%
After-tax cost of debt	5.6%
Current Leverage	15.9%
Debt/(Cash)	12.9
Equity	81.1
Target Leverage	30.0%
D / (D+E)	23.1%
ACF β adj levered	1.09
rf	2.06%
ERP	5.1%
Cost of equity	7.59%
Risk adj.	2.00%
WACC	9.1%

Our model considers LOM average production of 40 koz/yr over a 13-year mine life from a 2.6 Mt, 6.1 g/t mineral resource inventory. We assume total operating cost at C\$132/t and sustaining capital at C\$10/t. At our base case assumptions of US\$1,300/oz gold price, US\$0.77/C\$ and 9.1% discount rate, Phoenix project generates a post-tax NPV of C\$189m. We believe our production numbers are conservative and could be expanded with additional exploration success leading to higher production rates.

Note: Successful completion of feasibility study will significantly reduce our WACC.

Valuation Range

NPV FCF (m)	189
Net Debt/(Cash) (k)	-13
Fair Value (m)	202
NoSh (m)	65.9
NoSh (diluted) (m)	70.1
Intrinsic Value Per Share CAD	2.87
Close Price CAD	1.23
VR (low - high)	2.73 3.02
VR Spread	5.00%
Implied VR Return (low - high)	122.0% 145.4%

Note: implied value range in this ACF research note is based upon diluted shares in issue (70.1 Mn) at the date of this note.

Valuation Cash Flow Model Assumptions

We also assume total operating cost at C\$132/t and sustaining capital at C\$10/t.

We assume LOM av. production of 40 koz/yr over a 13-year mine life from a 2.6 Mt, 6.1 g/t mineral resource inventory. Phoenix project generates a post-tax NPV of ~C\$189m. Our production numbers exclude additional exploration success, in turn leading to potential higher production rates.

Exhibit 7: **Cash Flow Model**

in CAD (m)	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Revenue	0	0	61	61	66	68	72	74	76	77	78
Refining and royalty cost	0	0	-2	-2	-2	-2	-2	-2	-2	-2	-2
Mining Cost	0	0	-18	-18	-19	-20	-21	-21	-22	-22	-23
Processing Cost	0	0	-4	-4	-4	-4	-4	-4	-5	-5	-5
G&A	0	0	-1	-1	-1	-1	-1	-1	-1	-1	-1
Capital	-10	-15	-2	-2	-2	-2	-2	-2	-2	-2	-2
Cash flow pre-tax	-10	-15	35	35	38	39	41	42	43	44	45
Taxes	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-13.6	-13.6
Tax rate (%)	-	-	-	-	-	-	-	-	-	-	30%
Cash flow after-tax	-10	-15	35	35	38	39	41	42	43	31	31
NPV	-8.8	-12.1	26.0	23.8	23.4	22.3	21.4	20.1	18.9	12.4	11.5
Total NPV	188.9										
Cash	25.7										
Debt	12.9										
Implied equity	201.6										
Shares (m)	70.1										
Fair value per share (CAD)	2.87										
Close Price (CAD)	1.23										
VR (low-high)	2.73	3.02									
VR Spread	5%										
Implied VR Return (low - high)	122%	145%									

Exhibit 8: **Operational Model Assumptions**

Assumptions	Inputs
Production (tonnes)	2,629,000
Au Grade (g/t)	6.1
Recoverability	92%
Total Au recovered (oz)	520,148
Gold price (\$/oz)	1,300
Exchange rate	1.30
Royalty, refining and transportation cost (C\$)	53
Mining cash cost (C\$/t)	97
Processing cost (C\$/t)	20
G&A (C\$/t)	5
Sustaining capital (C\$/t)	10
Project capital (C\$ mn)	25
Discount rate	9.1%
Life of Mine (LOM)	13 yrs
Common shares outstanding (mn)	65.9
Stock options (mn)	4.2
Fully diluted shares (mn)	70.1

Our base case assumption is US\$1,300/oz gold price; FX US\$0.77 /C\$; and 9.1% discount rate.

Sensitivity Analysis

We believe our valuation is conservative. We have factored in risk adjustment of ~2% to account for the uncertainty over the economic viability of the Phoenix project given that feasibility studies are yet to be conducted. We have assumed, arguably, a rather modest total production estimate (at just 50% of the current mineral resource estimate). We expect the ongoing exploration program at Phoenix and the proximity areas to further increase the mineral resource estimate. The Au grade (of 6.1 g/t) assumed is again conservative given that some of the earlier studies point to a higher grade (of ~8.06 g/t). When we substitute our estimates in the DCF valuation this gives us an RMX value of ~CAD 2.87. Assuming a standard deviation of 5%, the valuation range is CAD 2.73 – 3.02.

Below, we highlight the sensitivity of our RMX NAV per share (Exhibits 9 and 10) to changes in various input parameters. Our model is most sensitive to changes in gold price, head grade and gold recovery percentage.

Exhibit 9: NAV sensitivity to Gold prices and Au grades

AU Grade (g/t)	Share Price					
	Gold Price (\$/oz)					
	1,200	1,250	1,300	1,350	1,400	
5.3x	1.86	2.04	2.21	2.39	2.56	
5.7x	2.17	2.36	2.54	2.73	2.92	
6.1x	2.47	2.67	2.87	3.07	3.27	
6.5x	2.78	2.99	3.20	3.42	3.63	
6.9x	3.08	3.31	3.54	3.76	3.99	

Source: ACF Research Estimates.

Exhibit 10: NAV sensitivity to Gold prices and recovery

Recovery (%)	Share Price					
	Gold Price (\$/oz)					
	1,200	1,250	1,300	1,350	1,400	
88.00%	2.27	2.46	2.65	2.85	3.04	
90.00%	2.37	2.57	2.76	2.96	3.16	
92.00%	2.47	2.67	2.87	3.07	3.27	
94.00%	2.57	2.78	2.98	3.19	3.39	
96.00%	2.68	2.88	3.09	3.30	3.51	

Source: ACF Research Estimates.

Note: The exhibit above indicates the valuation applicable to the diluted number of shares in issue (70.1m).

Peer Group Comparators

Exhibit 11: Trailing RMX peer group metrics

Company Name	Market	MCAP (C\$ m)	EV (C\$ m)	Resources (M+I+J) (oz)	Grade (g/t Au)	EV/Resources (C\$/oz)	Location
Rubicon Minerals Corp	TSX	69.90	57.10	1.03	6.10	55.44	tario, Canada
Gowest Gold Ltd	TSX	21.30	32.40	1.18	6.25	27.53	Ontario, CA
Pure Gold Mining	TSX	176.90	169.40	2.04	8.49	83.04	Ontario, CA
Northern Vertex Mining	TSX	73.90	103.30	0.48	0.87	216.11	Arizona, US
Probe Metals Inc.	TSX	136.00	111.70	1.40	2.41	79.53	Quebec, CA
Eastmain Resources	TSX	41.80	38.90	1.73	4.86	22.50	Quebec, CA
Marathon Gold Corp	TSX	143.10	139.00	3.20	1.99	43.44	Canada
Harte Gold	TSX	218.70	214.00	1.48	7.49	145.08	Ontario, CA
Treasury Metals Inc.	TSX	64.1	67.2	1.51	1.87	44.59	Ontario, CA
Average			109.49	1.63	4.28	82.73	
Median			107.50	1.49	3.64	62.06	

Source: ACF Research Estimates; Companies reports; Factset.

Above we have assembled what we believe is an appropriate list of high-grade/underground miners in exploration or development stage, some of which trade at a discount and most to a premium vs. RMX's level. RMX trades at an enterprise value-per-ounce of C\$55.44/oz relative to its 43-101 global resource base of 1.0 Moz (at the headline 3.0 g/t cut-off).

RMX trades at an overall discount to its peers. We believe this discount is likely to close, as recognized mineral resources grow further at the Phoenix project, increasing the mineable, critical mass of ounces for RMX. The decision on a feasibility study in 2H18 is also a catalyst, with the likely demonstration of greater mining efficiencies, lower costs, higher mineral inventory and mine life. We infer that RMX's exploration upside, strong financial characteristics on the back of low capex, and location in one of the world's best mining jurisdictions position **RMX** as a **strong takeout candidate** for a larger gold producer looking to boost production. And as the Phoenix project moves further down the de-risking path, we believe the takeout potential could rise strongly.

*Low costs; High mineral inventory;
Exploration upside; Low capex.*

Take-out candidate.

Peer Group Selection

Rubicon Minerals Corporation (**RMX:TSX** listed) is an advanced gold exploration company that owns land packages in the prolific Red Lake gold district in Northwestern Ontario, Canada.

Gowest Gold Ltd (**GWA:TSX** listed) operates as a gold exploration and development company in Canada. It focuses on the exploration and development of its 100% owned Bradshaw gold deposit, which is part of the North Timmins gold project located near Timmins, Ontario.

Pure Gold Mining Inc. (**PGM:TSX** listed) is an exploration stage company engaging in the acquisition, exploration, and development of gold, and other precious and base metal properties in Canada. It primarily holds a 100% interest in the Madsen Gold project located in the Red Lake gold camp of Northwestern Ontario.

Northern Vertex Mining Corp (**NEE:TSX** listed) is a development stage mining company engaging in the acquisition, exploration, and development of mineral properties in the United States and Canada. The company primarily explores for gold and silver deposits.

Probe Metals Inc. (**PRB:TSX** listed) is a junior resource company engaging in the acquisition, exploration, and development of gold properties in Canada. Its principal property is the Val-d'Or East project.

Eastmain Resources Inc. (**ER:TSX** listed) is a mineral exploration and development company with properties in Canada. The company holds interests in various properties such as Clearwater, Eastmain Mine, Eleonore South Joint Venture and others in Quebec and Ontario.

Marathon Gold Corp (**MOZ:TSX** listed) engages in the acquisition, exploration, and development of gold and base metal deposits. Its principal property is the Valentine Lake gold property located in Newfoundland, Canada.

Harte Gold Corp (**HRT:TSX** listed) is engaged in the acquisition and exploration of mineral resource properties, mainly gold in Canada. It owns interests in Sugar Zone property and Stoughton-Abitibi property located in Ontario.

Treasury Metals Inc. (**TML:TSX** listed) is an exploration stage mineral resources company. Its flagship asset is the Goliath Gold Project located in north western Ontario

Financial Analysis

- **Revenue model assumptions** - We assume an average daily processing rate is 562 tons per day over the 13 year mine operating life. This is based on total estimated production of 2.6 Mt. We assume gold prices of US\$1,300 per ounce and exchange rate (C\$/US\$) of 1.30. We assume average gold recoverability of 92%.
- **Operating costs** - RMX estimates total operating cost of C\$132/t based on mining cash costs of C\$97/t, processing costs of C\$20/t, G&A of C\$5/t.
- **Capital costs** – We expect that the pre-production capital from till 2020 to be C\$25M as majority of infrastructure is already in place. Sustaining capital from January 2021 through to 2032 would be C\$25M. There is expected to be no sustaining capital in 2023, which would be the last year of potential production. Sunk capital is not included in the model.
- **NPV** - The estimated NPV of the Phoenix gold project using a discount rate of 9.1% was ~C\$188.8 million after tax.
- **Risks to our assumptions** - Note mineral resources are not mineral reserves and do not necessarily demonstrate economic viability. There is no certainty that all or any part of the mineral resource will convert to mineral reserve. The potential production profile and plan and mine plan used in our model are conceptual in nature. There is no certainty that a potential mine will become a production mine.

Financial Projections

Exhibit 12: RMX P&L, Balance Sheet & Cash Flow forecasts

	2017A	2018E	2019E	2020E	2021E
P&L CAD (m)					
Revs	0	0	0	0	61
gr%	16%	-21%	18%	47%	82%
GP	2,135	1,696	2,001	2,952	5,373
% Revs	100%	100%	100%	100%	100%
Total expenses	-19	-5	-15	-21	-26
% Revs	NM	NM	NM	NM	43%
EBITDA	-19	-5	-15	-21	35
% Revs	NM	NM	NM	NM	57%
D&A	-1	-1	-1	-1	-1
% Revs	NM	NM	NM	NM	1%
EBIT	-4,741	-4,724	-3,911	-2,942	-2,900
EBT	-19	-5	-16	-22	35
ETR	0%	0%	0%	0%	0%
Tax	1	0	0	0	0
NI	-17	-7	-19	-27	30
% Revs	NM	NM	NM	NM	48%
Balance Sheet CAD (m)					
Property, plant & equip	24.7	24.9	25.0	25.1	25.2
Restricted cash & depo	0	0	0	0	0
Total Fixed Assets	24.8	24.9	25.0	25.1	25.3
Current assets	18.1	18.1	18.2	18.2	18.3
Cash	4.7	2.9	3.8	1.9	31.6
Total Current Assets	22.8	21.1	22.0	20.1	49.8
Total Assets	48	46	47	45	75
Accounts payable & acc	1.7	1.8	1.9	2.0	2.2
Current portion of long	1.1	1.1	1.1	1.1	1.1
Long-term debt	11.8	16.8	36.8	61.8	61.8
Provisions & other liab	7.7	7.7	7.7	7.7	7.7
Total Liabilities	22.3	27.4	47.5	72.6	72.8
Net Assets	25.3	18.6	-0.5	-27.3	2.4
Share Capital	732.2	732.2	732.2	732.2	732.2
Reserves	48.1	48.1	48.1	48.1	48.1
Share Premium	0.0	0.0	0.0	0.0	0.0
Deficit	-755.0	-761.8	-780.8	-807.7	-778.1
Total Equity	25.3	18.6	-0.5	-27.4	2.2
Total Equity & Liabilities	48	46	47	45	75
Cash Flow CAD (m)					
Profit/(loss) for period	-17.1	-6.7	-19.1	-26.9	29.7
Provisions credit loss	1,865	1,495	1,100	1,698	3,237
D&A	0.6	0.6	0.6	0.6	0.6
Other	2.8	0.0	0.0	0.0	0.0
WCap Change	1.0	0.1	0.1	0.1	0.2
Net CFO	-12.8	-6.1	-18.4	-26.2	30.4
Tax benefit (provision)	1.3	0.0	0.0	0.0	0.0
Capex	-0.7	0.0	-10.0	-15.0	-1.8
FCF	-12.2	-6.1	-28.4	-41.2	28.6
Net CF from Investing	-14.8	-0.7	-0.7	-0.7	-0.7
Net CF from Financing	8.4	5.0	20.0	25.0	0.0
Net Cash In/(Out)	-19.4	-1.8	0.9	-2.0	29.7
Cash previous YE	24.1	4.7	2.9	3.8	1.9
Cash & CE	4.7	2.9	3.8	1.9	31.6

Source: Company reports; ACF Estimates.

Glossary

43-101	See NI43-101.
Au grade g/t	The Au grade in g/t (grams per ton) refers to the mass of gold present per ton of considered material (usually the ore).
Basalt	Basalt is a volcanic rock formed from the rapid cooling of basaltic lava exposed at or very near the surface of a planet.
Bulk mining extraction	Bulk mining refers to mining large quantities of ores regardless of their grade and deferring the sorting of the ore to a later processing stage.
Bulk processing	Bulk processing refers to the use of heavy equipment to process high volumes of ores at a pre-concentration stage in order to increase the grade of the feed material to the downstream processing plants.
Bulk sampling	Bulk sampling is part of the process of evaluation of a mineral deposit (it is also used as an exploration technique). It is an expensive process and often uses a mixture of materials from development drifts and raises.
CFO	CFO – Cash Flow from Operations is in our model the same value as EBT (see in this glossary) and links the P&L to the Cash Flow Statement.
CoS	Cost of Sales is, in ACF’s financial models, a variable cost linked directly to revenue development, e.g. sales team commissions, but for example, not sales team salaries.
CT	Corporation Tax is the tax owed by corporation on taxable profits less exemptions to the national tax authorities e.g. IRS (US), HMRC (UK) etc..
Cut-off grades	The cut-off grade is the grade below which the material is not economically mined. Material presenting a grade higher than the cut-off grade is considered as ore, and a waste if the grader is lower than the cut-off grade.
EAP	EAP - Equity Acquisition Plan is the mechanism by which RMX’s clients gain an equity stake in the properties in which they live and are renting. RMX’s clients can own 100% of the equity in their properties via the Equity Acquisition Plan.

EAT	Earnings after tax. Also, often expressed as PAT – profit after tax, and post-tax profit.
EBIT	Earnings before interest and tax (also often referred to as, or equates to, operating profit).
EBITDA	Earnings before interest, depreciation and amortisation – the presentation of EBITDA by companies is not a requirement of UK GAAP or IFRS accounting standards. However, in certain cases it can act as a close proxy to free cash flow.
EBT	Earnings before tax. Also, often expressed as PBT – profit before tax. Also used to link P&L/Income Statement with Cash Flow statement where EBT is found as the top line item of the Cash Flow Statement, where it is referred to as CFO – cash flow from operations. Cf. Net CFO in this glossary.
EVA	Equity Value Account – is the value of the asset (house) available to owners in the case of Rubicon (or in other circumstances outside of Rubicon...available to shareholders of a company).
F2 Basalt zone	Basalt zone in the F2 gold deposit (Phoenix Gold Property, Rubicon).
F2 Gold deposit	F2 gold deposit within the Phoenix Gold Property, NW Ontario, Canada
FCF	Free Cash Flow generated in ACF's models after all obligatory cash costs have been satisfied such as Interest payable (Ip), cash taxes and maintenance capex (as opposed to investment capex). FCF represents the cash remaining for theoretical distribution or investment after all obligatory cash-based costs including net interest payable have been deducted.
Felsic	Refers to igneous rocks containing very high silica content. Used in contrast with ultramafic. See ultramafic.
Franco Nevada Corporation	Franco Nevada is a prominent gold royalty and streaming company with a diversified portfolio of assets. It is listed on TSX.
Gold recovery	See Gold recovery %.

Gold recovery %	The gold recovery (usually expressed in %) refers to the proportion of gold recovered during the mining and beneficiation process. Modern processes (for non-refractory ores) usually present a gold recovery higher than 85 to 90%.
Grass roots exploration	Grass roots exploration takes place on Greenfield and Brownfield sites where the geologist(s) suspect a mineral deposit may lie. Techniques used in grass roots exploration include airborne satellite surveys, ground based geological and geophysical surveys and identifying drilling target areas.
Headframe	The headframe is the structural frame above and underground mineshaft (also known as a gallows frame, shafthead frame, headgear, headstock or poppethead amongst others).
Head grade	The head grade refers to the grade admitted to the processing stage, usually the portion of the ore that is routed to the processing stage (mill in the case of gold mining). Used in contrast with the waste grade (the grade of gold present in the waste material) and the recovered grade (the grade of the ore during or after processing).
High grade Gold	A high-grade gold ore is an ore presenting usually a concentration (grade) higher than 6 to 10 grams of gold per ton of ore. The term is used in contrast to low grade gold ore (less than 4 to 6 g/ton).
High-TI Basalt zone	Basalt zone in the F2 gold deposit (Phoenix Gold Property, Rubicon).
Hoist	A hoist or winder is used in underground mining to raise and lower conveyances within the mine shaft.
Host rock	This refers to the rock surrounding the considered deposit. Its nature may have an effect on the mining or processing technique that can be used for the deposit.
HW Basalt Zone	Hanging Wall Basalt zone in the F2 gold deposit (Phoenix Gold Property, Rubicon).

Infill drilling	Infill drilling refers to a drilling campaign that is carried out in between the drilling holes of a previous drilling campaign. Used in contrast with step out drilling. The goal of infill drilling is to confirm the mineralization and as a usual consequence, to convert inferred resources to indicated or measured resources.
Inflation	Inflation is an economic term defined as the general increase in prices translating to a fall in the purchasing value of money.
Intrusive rock	An intrusive rock is formed when the magma solidifies underground and forms intrusion in the Earth's crust.
LOM	Life of Mine (LOM) is the time in which the ore reserves will be extracted and processed. This supposes the use of required capital to proceed and may vary as a consequence of various parameters (such as near-mine exploration carried out to convert resources to reserves, or the commodity price).
M+I+I	Measured + Indicated + Inferred. Represents the geological confidence and knowledge of the existence of the mineral resources, "measured" being the highest confidence level, and "inferred" the lowest.
McFinley deposit	The Mc Finley deposit is an historical deposit acquired by Rubicon in 2002 in the Red Lake Gold district and presenting the same type as the Red Lake-type deposits.
Mid-tier miner	A mid-tier mining company is usually a company transitioning from junior activities (exploration) to operator activities (production, development and operation of a mine). No formal definition of the term.
MRE	A Mineral Resource Estimate (MRE) is the estimation of the mineral resources present in a deposit and follows a procedure involving sampling, drilling campaigns, geo-statistical models and calculations.

Net CFO	Net CFO – Net Cash Flow from Operations is the Cash Flow model line item derived from Earnings Before Tax (EBT) by subtracting or adding back non-cash movements to and from EBT and then adjusting for Net interest receivable or payable and working capital movements. Net CFO less cash taxes and maintenance capex gives uFCFE (unlevered Free Cash Flow to Equity holders). See also uFCF in this glossary. Cf. CFO.
NI 43-101	NI43-101 stands for National Instruments 43-101, standards of disclosure for mineral projects. The document establishes how to report resources and reserves, and how to report the technical information of a mineral project according to the Canadian regulation. Sometimes used as a synonym for “technical report” or “preliminary economic analysis” of a mineral project.
NoSh	Number of Shares in issue.
NSR	Net smelter returns (NSR) is used in two ways: it may refer to the revenue that the operator of a mine receives from the sale of the mine's product less transportation and refining costs (TC/RC). It also commonly refers to the royalty as a fraction of net smelter return that a mine operator is obligated to pay the owner of the royalty agreement.
Ordinary Kriging estimation	The ordinary Kriging estimation is a geo-statistical model used to provide the best linear estimation of the spatial distribution of the grade of a commodity in a deposit.
Phoenix Gold Project	The Phoenix Gold project is an advanced-stage exploration project located in Red Lake district, Ontario, Canada, and owned by Rubicon Minerals. There is infrastructure already existing on the project grounds (a 1,250 tons per day mill, and 9 kilometres of underground development). Franco Nevada owns a 2.0% royalty on water claims; and Royal Gold owns a 1.0% royalty on land claims.
Red Lake District	Red Lake District, NW Ontario, Canada is one of the largest and most prolific gold mining districts in the world and exhibits historical high-grade gold ores.

RoA	<p>Return on Assets is a ratio that provides insight into profitability. RoA is defined as Net Income divided by total assets. RoA is used to help investors understand how well a company management team is using assets to generate earnings. Like most ratios a low value can also indicate an inflexion point or optimum time to buy rather than sell the related stock. Some analysts like to add back interest expense to net income as this gives a metric to compare operating returns before cost of borrowing. This is most helpful if borrowing costs are the same for the peer group under analysis.</p>
RoE	<p>Return on Equity is a ratio designed to provide insight into the profitability of a company by showing profit generated in comparison to cash invested by equity holders. RoE is defined as net income divided by shareholder's equity (see definitions in this glossary).</p>
RoI	<p>Return on Investment is a ratio that provides insight into the efficiency of an investment. RoI attempts to measure the return on an investment vs. the cost of the investment. The ratio is defined as the gain from investment less cost of investment subsequently divided by cost of investment. Most RoI calculations do not account for the time value of money. This changes investment performance considerably and can easily lead to the wrong conclusions because no account is taken of the rate of return only of the total return.</p>
SGA	<p>Sales, General and Administrative expenses, often equates to or is equivalent to Cost of Sales (CoS) plus operating expenses. However, ACF uses SGA to classify relatively invariable expenses as opposed to variable expenses linked more or less directly to revenue generation, as such sales commissions might typically end up in CoS, whereas salaries for sales people would be classed as relatively invariable and be booked under SGA in an ACF model.</p>

Shareholders' Equity	Shareholders equity is a line on the balance sheet calculated from the deduction of total liabilities from total assets and represents the value (or lack of it) available for distribution to shareholders should the entity wind up operations. It differs from the equity value expressed in market capitalisation (MCap), which is number of shares in issue (NoSh) multiplied by share price. The ratio Debt/Equity commonly uses the Debt/MCap formula as opposed to the Debt/Shareholder equity formula.
Step-out drilling	Step-out drilling refers to a drilling campaign that is carried out beyond the drilling holes of a previous drilling campaign. Used in contrast with infill drilling. The goal of step-out drilling is to expand the mineralization zone and as a usual consequence, to increase the mineral resources.
Strike	The strike refers to the direction of the intersection of a planar deposit, fault or orebody with the horizontal plan. Used to easily describe the orientation of a deposit.
Test mining	Also referred to as "trial mining". Development of a smaller scale mining operation to test for the economic viability of a mining development. Usually follows a definitive feasibility study, but precedes a full scale operation.
tpd	tpd represents the tons per day processed, at the mine level or at the mill stage.
Ultramafic flow	Refers to a flow of magma of igneous rocks containing very low silica content. Used in contrast with felsic. See felsic.
Uplift Potential	Uplift potential is the potential for a re-rating of the value of a stock. For example, a company is valued by market participants at the equivalent of 10x a particular metric such as EBITDA, the value then rises (due to an uplift) to the equivalent of 12x EBITDA, this is the rerating (by 2 turns in our example).
WL Basalt Zone	West Limb Basalt zone in the F2 gold deposit (Phoenix Gold Property, Rubicon). See HW Basalt Zone.

Notes [Intentionally Blank]

Notes [Intentionally Blank]

INDEPENDENCE & DISTRIBUTION

ACF Equity Research Ltd is a provider of issuer-pays research with a clearly defined independent ethic. ACF produces accurate, clear, focused research aimed at a professional investment audience. ACF has excellent distribution capabilities and always aims to provide access without restriction to the widest professional audience. ACF offers a range of additional services to support its clients.

DISCLAIMER

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. [The opinions expressed in this report herein do not take into account individual investor circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein.] ACF Equity Research Ltd has based this document on information obtained from sources it believes to be reliable, but which it has not independently verified. Neither ACF Equity Research Ltd. nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. [Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by ACF Equity Research Ltd. with respect to future performance. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.]

IMPORTANT DISCLOSURES FOR U.S. INVESTORS

This research report was prepared by ACF Equity Research Ltd., a company authorized to engage in securities activities in the United Kingdom. ACF Equity Research Ltd. is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended. Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through, a registered broker-dealer in the United States. The analyst who prepared this research report is not registered or qualified with the Financial Industry Regulatory Authority ("FINRA") and may not be associated with a U.S. broker dealer and as such, would not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

[Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.]

LEGAL NOTICE

This report is for authorized use by the intended recipient(s) only. It may contain proprietary material, confidential information and/or be subject to legal privilege. No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior consent of ACF Equity Research Ltd. and ACF Equity Research Ltd. accepts no liability whatsoever for the actions of third parties in this respect.

IMPORTANT ADDITIONAL DISCLOSURES FOR U.K. INVESTORS

The information in this report has been prepared by ACF Equity Research Ltd (ACF). The research is published for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any securities or any financial instruments.

ACF has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of ACF Equity Research Limited. The material should not be regarded by recipients as a substitute for the exercise of their own judgment. Past performance does not guarantee future performance.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of ACF which may, from time to time, solicit business from any of the companies referred to in this report. The analyst(s) responsible for covering securities in this report may not hold a position in any or related securities in this report in ACF's sector universe or in any other sector in which ACF carries out research. The company does not hold any position in the securities mentioned in this report.

This research report and its contents are intended for professional investors and not for retail investors. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of the investment research. ACF Equity Research Limited is authorised and regulated by the Financial Conduct Authority. However the contents of this research report are produced as if ACF Equity Research Limited is unregulated and consequently this report does not contain investment recommendations or ratings.

ACF, its directors, employees and agents accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or part of these materials. The information in this report is provided with the understanding that ACF is not acting in a fiduciary capacity. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall in no way constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Copyright © 2018 ACF Equity Research all rights reserved. Additional information is available upon request.

Copyright 2018 ACF Equity Research Ltd. All rights reserved.

ACF Equity Research Limited, 125 Old Broad Street, London, EC2N 1AR, U.K.

Tel: +44 (020) 7558 8974

Website: www.acfequityresearch.com