



Acquisitions to up production - new 5-year plan

Company/ASX Code	Ramelius Resources/RMS
AGM date	Friday 22 November 2019
Time and location	11am, Frasers Suites, 10 Adelaide Terrace, Perth
Registry	Computershare
Webcast	No
Poll or show of hands	Poll on all items
Monitor	Bob Kelliher assisted by Wayne Platt
Pre AGM Meeting?	Yes, with Chair Kevin Lines and Company Secretary Richard Jones

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Ramelius Resources (RMS) has been mining gold for more than 10 years and is now classified as a mid-tier gold miner with production in the 190-200k ounces (ozs) range. The company recently re-entered the ASX300.

RMS had not paid a dividend or provided a capital return over the 5 years preceding Financial Year 2019 (FY19) and shareholders would note the RMS board declared a 1 cent dividend for the FY19.

The company has been busy with developments at Marda & Tampia Hill projects at Edna May and Narembreen respectively plus the new mines Eridanus and Shannon at Mt Magnet.

London Metal Exchange (LME) commodity price for gold was relatively high in FY19 however RMS Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA) and Net Profit After Tax (NPAT) results were down. Lower ore grades contributed to the reduced financial performance.

EBITDA was \$112.2m, previous corresponding period (pcp) \$127.0m. NPAT was \$21.8m pcp \$30.8m.

The All-In Sustaining Cost (AISC) of A\$1,192 per oz compared favourably with the average realised gold price of A\$1,726 per oz.

Gold sales for FY19 were 203,318 ozs generating revenue \$352.8m.

The company has stated the ore reserves increased 54% over the previous year.

Production guidance for FY20 is 205,000 – 225,000 ozs and the collective Life of Mine is shown in the Annual Report as out to FY23.

Governance and culture

The first female director is due to be elected to the Board at the coming AGM, which will bring the Board to five members and female representation at 20%, still short of the 30% minimum required by Good Governance and ASA guidelines.

As well as the standard Corporate Governance Statement, as announced to the ASX, Ramelius, to its credit, includes Native Title, Sustainability, and Diversity Statements in the Annual Report.

Summary

(As at FYE)	2019	2018	2017	2016	2015
NPAT (\$m)	21.8	30.8	17.8	27.5	16.0
Share price (\$)	0.725	0.58	0.45	0.44	0.12
Dividend (cents)	0	0	0	0	0
TSR (%)	23.3	28	2.3	266.7	31.7
EPS (cents)	3.7	5.84	3.39	5.82	3.48
CEO total remuneration, (\$m) statutory	0.999	0.675	0.894	0.635	0.620

For 2019, the CEO's total statutory remuneration was 11.3 times the Australian average weekly full-time adult earnings based on ABS data from May 2019.

Item 2, Resolution 1	Adoption of Remuneration Report
ASA Vote	Against

Summary of ASA Position

While the overall levels of remuneration, and the multiples of fixed annual remuneration (60% for maximum STI and 60% for maximum LTI) are reasonable, there are numerous elements of the remuneration plan that make this resolution unacceptable to ASA:

STI is paid in cash (although in Performance Rights in the Notice of Meeting) with the following undefined targets: NPAT to budget (30%), Production to budget (20%), AISC to budget (30%), and modified by individual performance. The Notice of Meeting has STI tested on Relative TSR only.

The LTI selected peer group includes a tiddler like Pantoro Ltd, with sales of about 40,000oz per year (about 20% of the Ramelius 5 year plan), a market cap of \$258m (about 30% of the Ramelius market cap) and a share price of 15 cents (about 20% of the Ramelius share price). While other peers are bigger producers, including small companies like Pantoro in the peer group looks like it will be easier to beat the hurdle and pay the awards. There are 14 companies in the peer group, so the performance quartiles will contain around 3 companies.

LTI performance rights thresholds are: 50% awarded at the 50th percentile and 100% awarded at the 75th percentile. ASA's preferred position is 30% vesting at the 51st percentile, rising with a

sliding scale of 2% vesting for each additional percentile such that only CEOs who exceed the 85th percentile will receive 100% of the potential award.

Given the concerns outlined above we will vote against this resolution.

Statutory remuneration framework

CEO rem. framework	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.550	45%
STI - Cash	0.330	27%
LTI	0.330	27%
Total	1.210	100%

As a specific target opportunity is not defined for the CEO in the remuneration report, only the maximum values are presented in the table above.

Item 3, Resolution 2	Re-elect Director Andrew Bohm
ASA Vote	For

Summary of ASA Position

Mr Bohm was first elected to the Board on 29 November 2012. Since his graduation from the WA School of Mines he has worked in a variety of roles in gold mining and other metals in both open pit and underground mining environments. He is an experienced mining professional with corporate, project and operational management experience in both Australia and overseas.

Mr Bohm is also Chair of Cygnus Gold and a Director of Mincor Resources, so he is getting near to a full Board workload.

Andrew is Chair of the Nomination and Remuneration Committee and a member of the Audit Committee. He holds 1,237,500 shares at 30 June 2019, and so is compliant with this policy

We support his re-election to the Board.

Item 4, Resolution 3	Elect Natalia Streltsova as Director
ASA Vote	For

Summary of ASA Position

Dr Natalia Streltsova was appointed to the Board on 1 October 2019. She is the first female Director in the history of Ramelius. She is a PhD-qualified Chemical Engineer with over 25 years minerals industry experience, including over 10 years in senior technical and corporate roles with WMC, BHP and Vale. Her international experience included project development and acquisitions in Africa, South America and in countries of the former Soviet Union.

Natalia is currently a Director of Western Areas Limited and Neometals Limited.
 Her shareholding in the company will be checked in the next annual report.
 We support the election of Natalia Streltsova to the Board.

Item 5, Resolution 4	Approval of Grant of Performance Rights to CEO Mark Zeptner
ASA Vote	Against

Summary of ASA Position

This proposal is for the issue of 322,342 performance rights under the STI plan, with vesting tested annually and 644,683 performance rights under the 3-year LTI plan.

The STI number of Performance Rights calculation, based on 60% of fixed annual remuneration divided by the 5-day VWAP share price, appears correct, however the LTI calculation appears to be just double the STI number.

The STI, and two thirds of the LTI, performance rights will vest, 50% when the relative TSR measures at the 50th percentile, then pro- rata to 100% at the 75th percentile. One third of the LTI performance rights vest when the absolute TSR exceeds 15% compound annual growth over the three years.

The absolute TSR target of 15% has been well exceeded in 4 of the last 5 years, so this is also a low bar and ASA will direct proxies against this resolution.

Item 6, Resolution 5	Increase Non-Executive Director Fee Pool
ASA Vote	For

Summary of ASA Position

The existing non-executive director fee pool of \$550,000, approved on 26 November 2010, is proposed to be increased by \$200,000 to \$750,000.

Actual Board fees paid to 30 June 2019 were \$402,384.

We support this increase in the fee pool for non- executive directors, which is less than median level of aggregate fee pool for similarly sized companies (2019 Godfrey Remuneration Group All Industries KMP Remuneration Guide) and hope that increased fees can be utilised to increase gender diversity on the board.

Item 7, Resolution 6	Adoption of new Performance Rights Plan
ASA Vote	For

Summary of ASA Position

This resolution is for shareholder approval of the performance rights plan (PRP), just so that shares issued, after vesting of the rights, are not counted in the 15% limit of the shares that can be issued in any 12-month period without shareholder approval.

Since the PRP was last approved by shareholders at the 2016 AGM, 11,024,436 performance rights have been issued, 1,807,088 have vested and 835,364 have lapsed or failed to vest.

Item 8, Resolution 7	Renewal of Proportional Takeover Provisions
ASA Vote	For

Summary of ASA Position

This resolution to renew, for another 3 years, the provisions in the constitution that were last approved at the 2016 AGM.

These provisions require shareholder approval for any partial takeover offer for the company and are generally considered to be in the best interest of shareholders.

The individuals or their associates involved in the preparation of this voting intention have no shareholding in this company.

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