CAPITAL MARKETS
HAYWOOD
SECURITIES INC.

Reservoir Minerals Inc. (RMC-V, $6.87)

Rating	**Buy**
Target Price	**$8.50**
Return	**24%**
Risk Profile	**Very High**

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Analyst Certification, Important Information and Legal Disclaimers: See page 24

Cukaru Peki Infill Drilling Continues to Deliver Exceptional Intersections

Valuation | Based on a 1.0x multiple to Reservoir's fully financed after-tax corporate NAV12% of US$362M, or $8.35 per fully diluted share at a long-term copper price of US$3.00/lb. This base-case valuation considers only Cukaru Peki's high-grade epithermal potential and a 25% modelled project interest, versus Reservoir's current 45% project interest.

Risks | Reservoir's flagship asset Cukaru Peki is not currently underpinned by a National Instrument 43-101 compliant mine plan. Furthermore, project advancement is being dictated by Freeport. We remain cognizant that the Major's priorities may not always coincide with Reservoir's; namely, timely advancement of Cukaru Peki's epithermal resource.

Impact – Positive (neutral to our formal valuation) | Infill drilling at Cukaru Peki continues to intersect exceptionally high-grade copper and gold mineralization over very significant widths. Despite the infill nature of the latest drilling, the results stand to add meaningful value by better defining the continuity of Cukaru Peki's semi-massive to massive sulphide mineralization, which includes a 4.5 Mt very high-grade (11.2% copper and 7.4 g/t gold) subset of the deposit's National Instrument 43-101 compliant inferred resource that could potentially support an initial direct shipping ore (DSO) ramp-accessed underground starter mine (providing a path to low-capex high-margin cash flow that would be meaningful to a mid-tier producer). **The latest results also stand to bolster the grade of said very high-grade mineralization; note, recent highlights include a 49.0 m intersection grading 13.74% copper and 11.82 g/t gold (20.83% copper equivalent)—essentially providing 'gravy' on top of an already exceptional resource**.

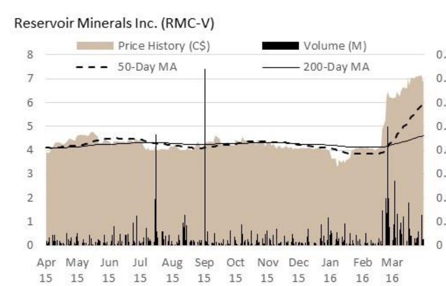
- Assay results from 12 infill drill holes totalling 8,242 m, part of an ongoing program to test the continuity of (very) high-grade semi-massive to massive sulphide copper-gold mineralization on 28 to 40 m centres, continues to demonstrate the world-class nature of the Cukaru Peki epithermal deposit in Serbia. Eleven of the holes intersected high-sulphidation epithermal mineralization and associated alteration at targeted depths (the 12th hole was terminated above its targeted depth by technical problems). **Highlights include a 136.0 m intersection (estimated true thickness of 119.3 m starting at a downhole depth of 463.0 m) grading 6.05% copper and 6.80 g/t gold (10.13% copper equivalent), including 49.0 m (estimated true thickness of 43.0 m) grading 13.74% copper and 11.82 g/t gold (20.83% copper equivalent; drill hole TC 150083). Similarly, drill hole TC 150076 returned a 25.0 m intersection (estimated true thickness of 21.8 m starting at a downhole depth of 529.0 m) grading 13.02% copper and 9.77 g/t gold (18.89% copper equivalent)**. Core recovery is generally greater than 95% throughout the reported intervals, with the exception of occasional short intervals marked by brecciation or faulting.
- Drilling is ongoing at Timok. One rig is currently focused on infill drilling Cukaru Peki's high-sulphidation epithermal resource (Upper Zone). **Assay results for an additional 12 Upper Zone holes (i.e., epithermal deposit) and 3 Lower Zone holes (i.e., porphyry target) are pending**.

Target Price	**$8.50**
Current Price	$6.87
Return	24%
YTD Performance	68%
Overall Risk Rating	**Very High**
Forecast Risk	**(High) 8**
Financial Risk	**(Moderate) 6**
Valuation Risk	**(High) 7**
Political Risk	**(Moderate) 6**

Risk Profile Definitions: See page 26

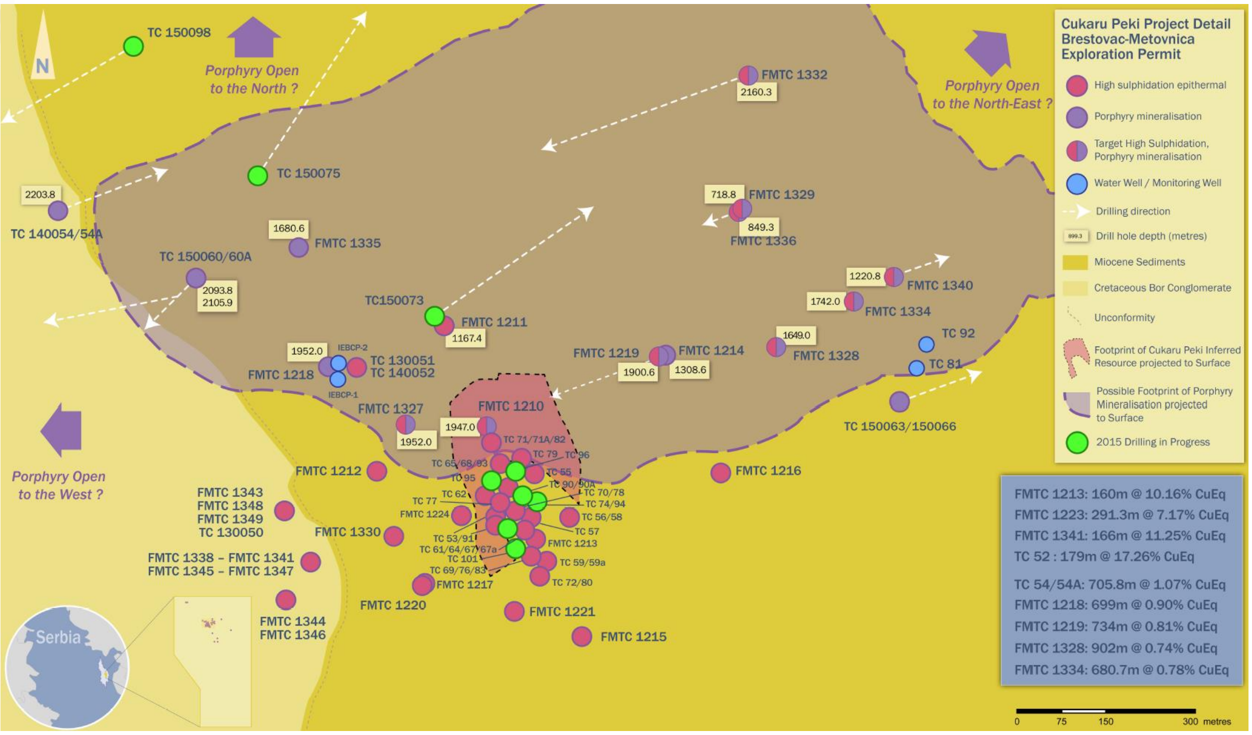
52-Week High / Low	$7.25 / $3.26
Shares O/S	48.7M (basic)
	51.3M (F/D)
Market Capitalization	$334.5M
Cash	$32.3M
Working Capital	$31.9M
Long-term Debt	Nil
Enterprise Value	$302.6M
Daily Volume (3-month average)	46,106
Website	www.reservoirminerals.com
CEO	Simon Ingram
Currency	C$ unless noted

Price Performance



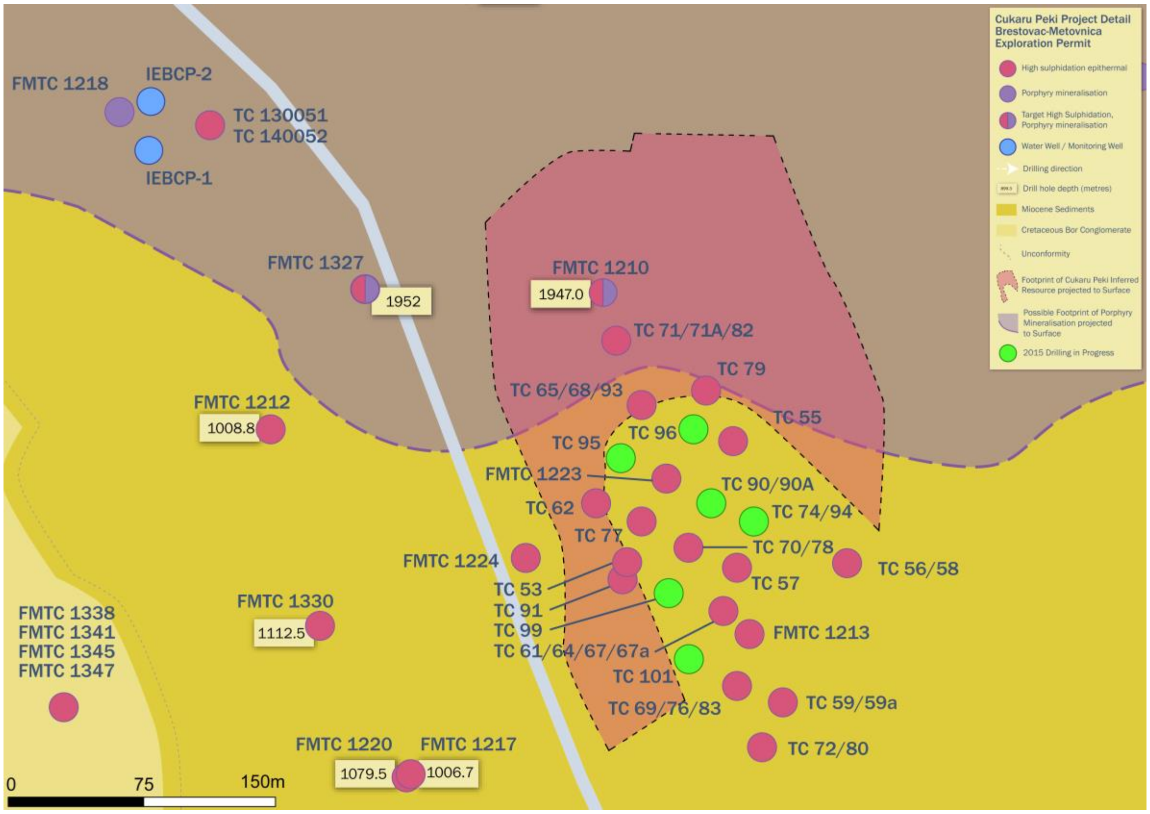
Source: Capital IQ and Haywood Securities

Cukaru Peki Drill Hole Location Map



Source: Reservoir Minerals

Cukaru Peki Drill Hole Location Map – High Sulphidation Epithermal Deposit Detail



Source: Reservoir Minerals

Recent Cukaru Peki Infill Drill Hole Assay Results

Hole		From (m)	To (m)	Intercept (m)	Estimated TRUE Thickness (m)	Cu (%)	Au (g/t)	CuEq (%)
TC150070		476.0	768.5	292.5	191.1	3.54	1.49	4.43
	including	**476.0**	**613.0**	**137.0**	**89.5**	**6.41**	**2.83**	**8.11**
	including	**477.0**	**507.0**	**30.0**	**19.6**	**11.00**	**5.38**	**14.23**
TC150071		539.0	798.5	259.5	136.4	0.87	0.40	1.11
	including	707.0	798.5	91.5	48.1	1.61	0.60	1.96
	including	769.0	787.0	18.0	9.5	3.23	0.75	3.68
TC150071A (wedge)		539.4	887.0	347.6	170.0	0.81	0.33	1.01
	including	669.0	802.0	133.0	69.9	1.17	0.50	1.46
	including	831.0	844.0	13.0	6.8	3.11	0.23	3.25
TC150072					*No significant intercepts*			
TC150074		480.0	505.0	25.0	21.8	2.65	5.75	6.10
	including	**492.0**	**503.0**	**11.0**	**9.6**	**4.48**	**9.82**	**10.37**
	and	532.0	578.0	46.0	40.1	1.39	4.53	4.11
	including	**546.0**	**556.0**	**10.0**	**8.7**	**4.42**	**9.37**	**10.05**
TC150076		524.0	684.0	160.0	139.6	3.89	3.71	6.12
	including	526.0	631.0	105.0	91.6	5.66	5.18	8.76
	including	**529.0**	**554.0**	**25.0**	**21.8**	**13.02**	**9.77**	**18.89**
TC 150079		588.0	686.0	98.0	86.0	0.55	0.43	0.81
	including	634.0	685.0	51.0	44.7	0.82	0.47	1.10
TC 150080		572.0	601.0	29.0	25.4	0.89	2.64	2.48
	including	580.0	584.0	4.0	3.5	3.43	6.86	7.54
TC 150082		486.4	500.0	13.6	7.2	3.66	5.21	6.79
TC 150082		542.0	856.0	314.0	165.0	1.90	0.85	2.41
	including	558.0	651.0	93.0	48.9	3.22	1.54	4.14
TC 150083		**463.0**	**599.0**	**136.0**	**119.3**	**6.05**	**6.80**	**10.13**
	including	**502.0**	**574.0**	**72.0**	**63.2**	**10.35**	**10.11**	**16.41**
	including	**509.0**	**558.0**	**49.0**	**43.0**	**13.74**	**11.82**	**20.83**
TC 150090		**456.0**	**526.0**	**70.0**	**56.5**	**6.34**	**3.39**	**8.38**
TC 150090A (wedge)		526.0	805.0	279.0	225.2	1.89	0.76	2.35
	including	526.0	628.0	102.0	82.3	3.53	1.51	4.44

Source: Reservoir Minerals

Lundin's Next Chapter – Looking to Secure a High-Grade Stake in Serbia

Lundin Mining Corp. (LUN-T, Buy Rating, $5.00 Target Price) recently entered into an agreement with Freeport-McMoRan to purchase an interest in the Major's stake in the Timok copper-gold project in Serbia for US$262.5 million in staged payments (including US$135 million on closing, which, subject to certain conditions, is anticipated in Q2/16; refer to *Radar Screen*, March 4, 2016). **In part, the agreement is subject to Reservoir's 60-day right of first offer (ROFO), which expires on May 3, 2016**.

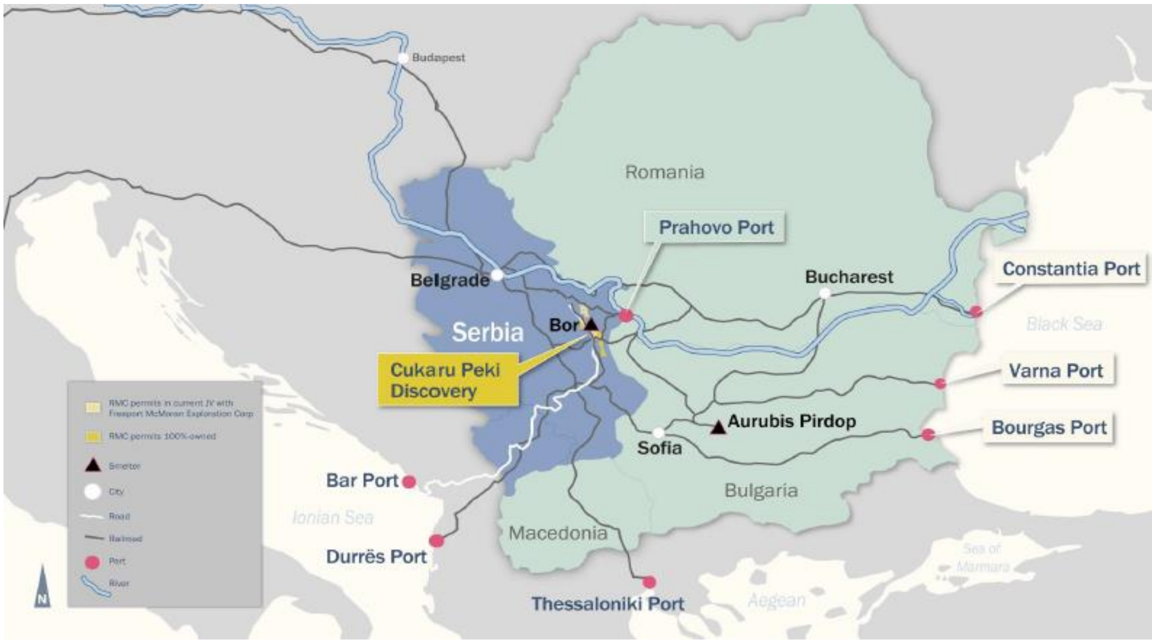
The purchase agreement stands to give Lundin a 75% interest (over time) in the high-grade Cukaru Peki epithermal deposit, which generates a ~US$1.0 billion after-tax project NAV12% at US$3.00 per pound of copper and US$1,200 per ounce of gold (100% basis; Haywood conceptual model, in part based on production start-up of direct shipping ore [DSO] in 2020), as well as additional upside exposure to a potential large-scale porphyry discovery at depth. Lundin is well positioned to fund the transaction, as the Company's December 31, 2015, balance sheet included US$557 million in cash, which is augmented by a US$350 million undrawn revolving credit facility. Furthermore, long-term debt of US$978 million does not entail any significant principal repayments until 2020 (refer to *Radar Screen*, March 15, 2016). **Reservoir's interest in the Timok project is not affected by the pending purchase agreement. Furthermore, we look favourably on Lundin's potential involvement in Serbia, as it stands to bring greater focus to timely epithermal mine development at Cukaru Peki (versus Freeport's focus on porphyry potential at depth)**. Lundin's underground mining and European knowhow also stand to complement the project. **That said, the US$262.5 million price underpinning the purchase agreement is arguably low in the context of our (conservative) conceptual Cukaru Peki epithermal model mine plan (US$1.0 billion after-tax project NAV12%; 100% basis).** <u>**Hence, the next ~20-days could prove to be very interesting for the ultimate ownership structure/valuation of Timok—in part depending on the near-term availability/cost of capital to Reservoir**</u>. Working in Lundin's favour is the relatively short 60-day fuse underpinning Reservoir's ROFO.

Project Background

The Timok project is currently underpinned by a joint venture (JV) agreement between Freeport and Reservoir. In August 2012, the Major completed its 55% project interest earn-in and became operator by spending US$3.0 million at Timok. Freeport has subsequently elected to solely fund all exploration work and can earn a 75% project interest by completing a bankable feasibility study by 2025. However, we anticipate the study will be tabled sooner to satisfy the Serbian Mining Code, which requires a feasibility study to be completed by February 2019.

The Timok project is centred on the <u>high-grade</u> Cukaru Peki copper-gold epithermal deposit, which is currently underpinned by a 65.3 million-tonne resource grading 2.6% copper and 1.5 grams per tonne gold. **A 4.5 million-tonne very high-grade (11.2% copper and 7.4 gram per tonne gold) subset of the inferred resource stands to potentially support an initial DSO ramp-accessed underground starter mine, providing a path to low-capex high-margin cash flow that would be meaningful to a mid-tier producer like Lundin. That said, the Timok region has attracted Major attention on the back of large-scale Tier 1 copper porphyry potential at depth adjacent to Cukaru Peki's epithermal resource, as evidenced by notable JV activity involving Freeport and Rio Tinto**. In theory, the porphyry would be lower grade, but entails significantly more tonnage, potentially large enough to 'move the needle' for a Major. Furthermore, underground epithermal mining stands to de-risk subsequent porphyry (block cave) development. Note that the initial +17 years of epithermal production stand to fully finance a larger scale block-cave operation (Haywood conceptual model)—a consideration many other large-scale (high initial capital cost) copper projects don't offer (refer to *Radar Screen*, December 15, 2015).

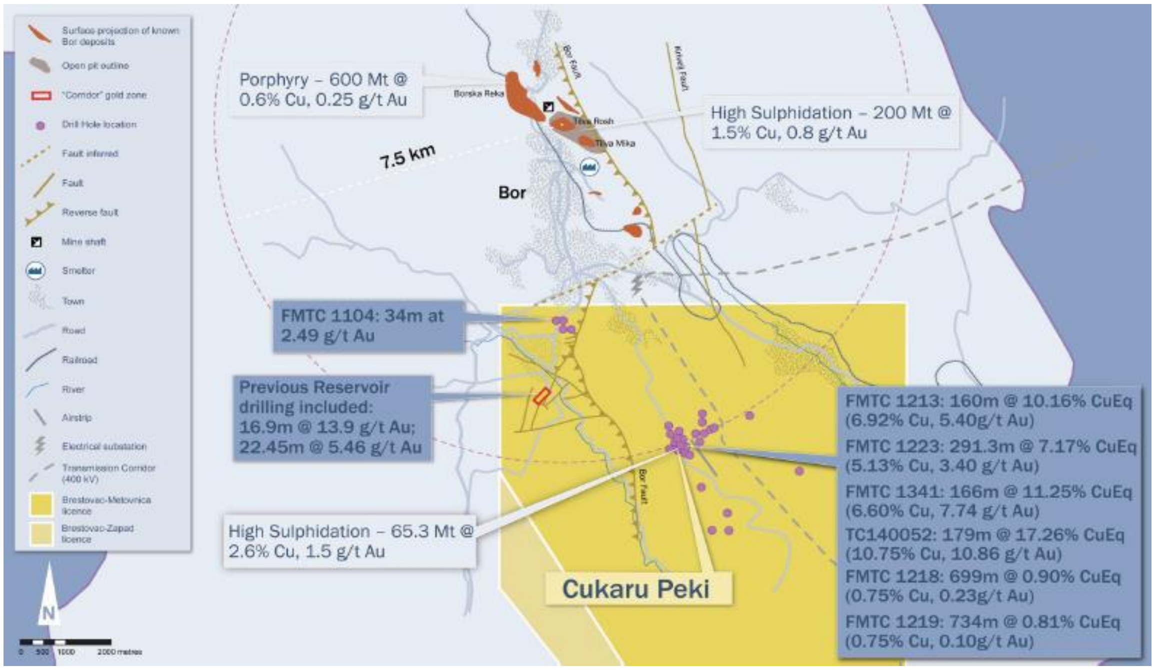
Timok Project Location Map



Source: Reservoir Minerals

The juxtaposition of high-grade epithermal mineralization and deeper porphyry potential at Cukaru Peki is directly analogous to the geological framework at the state-owned Bor mining (and smelting) complex, which is located ~6 kilometres to the north and has been in production for more than 100 years. **Established regional mining infrastructure stands to benefit Cukaru Peki and numerous other exploration targets located along the Timok Magmatic Complex, which forms part of the prolific Tethyan Metallogenic Province (refer to *Radar Screen*, December 15, 2015)**.

Cukaru Peki Infrastructure Map



Source: Reservoir Minerals

Purchase Agreement Key Points

Under the purchase agreement, subject in part to Reservoir's 60-day right of first offer (ROFO), which expires on May 3, 2016, Lundin will acquire the following:

- 100% of Freeport's interest in (1) the Upper Zone of the Cukaru Peki deposit, which is characterized by high-grade massive and semi-massive sulphide epithermal mineralization currently defined by a 65.3 million-tonne inferred resource grading 2.6% copper and 1.5 grams per tonne gold, and (2) Freeport's interest in all the mineral licences composing the Timok project (which are also highly prospective for additional discoveries; refer to *Radar Screen*, December 15, 2015).
- 28% of Freeport's interest in the Lower Zone of the Cukaru Peki deposit, which is characterized by porphyry-style mineralization. Freeport will retain the remaining interest in the Lower Zone. In addition, Freeport has the option to obtain Lundin's interest in any new large mineral deposit discovery containing at least 4 million tonnes of contained copper equivalent porphyry-style mineralization by paying Lundin two times the costs incurred to drill, study, etc. the discovery. We anticipate that the delineation of a 4 million-tonne contained copper equivalent deposit would likely require significant work (in excess of the US$20 million figure factored into the purchase agreement; see below); hence, a 'two times' payment stands to be a significant payment back to Lundin (albeit at the relinquishment of a porphyry project interest).

Total consideration of up to US$262.5 million is payable in stages:

- US$135 million payable to Freeport on closing the transaction
- Up to a maximum of US$20 million to be spent by Lundin in connection with agreed exploration and study work on the Lower Zone
- US$45 million payable to Freeport on the earlier of either (1) a decision to build on the Upper Zone or (2) access to any orebody for direct shipping ore (DSO)
- US$50 million on achieving commercial production
- Up to US$12.5 million in recouping project expenditures.

As per the purchase agreement, **Lundin will be appointed as operator of the Timok project** until the occurrence of certain events, and the Company will advance the development of both the Upper Zone and the Lower Zone in accordance with approved budgets and work programs. **Lundin will have the sole right to propose budgets and work programs relating to the Upper Zone and for certain agreed Lower Zone work, and Freeport will have the sole right to propose budgets and work programs relating to the Lower Zone, subject to specified exceptions**.

Until the delivery of a feasibility study, Lundin will fund 100% of the Upper Zone development costs, as well as US$20 million of agreed Lower Zone work, and Lundin and Freeport will fund 28% and 72% of all other Lower Zone development costs respectively. **Reservoir will remain free carried on the project until the delivery of a feasibility study**.

After the delivery of the feasibility study, Lundin and Reservoir will be responsible for funding the development of the Upper Zone on a pro rata basis (75%/25% respectively), and each will be entitled to its pro rata share of economic benefits of the Upper Zone. Freeport, Reservoir, and Lundin will be responsible for funding the development of the Lower Zone on a pro rata basis (54%/25%/21% respectively), and each will be entitled to its pro rata share of economic benefits of the Lower Zone. **Hence, Lundin's potential involvement does not impact Reservoir's current/future project interest/participation requirements**.

Additional Thoughts

Cukaru Peki's epithermal potential directly complements Lundin's existing asset base, which includes ~532 million to 562 million pounds of attributable 2016E copper production from five mines (combined; as per Lundin's formal guidance; refer to *Radar Screen*, March 15, 2015). **Our conceptual modelling of a 20.8 million-tonne high-grade deposit is underpinned by a 17-year mine life that averages ~110 million pounds of copper and ~100,000 ounces of gold production per annum at an average total copper cash cost of ~US$0.30 per pound net of credits (refer to *Radar Screen*, December 18, 2015)**. Initial staged development involves the construction of a US$200 million DSO underground mining operation (~10 years), followed by a US$400 million conventional flotation operation to produce copper concentrate (~7 additional years). **This second phase of modelled development could be significantly augmented through the utilization of existing (recently refurbished) processing capacity associated with the nearby Bor smelting complex (not considered in our arguably conservative conceptual model mine plan)**. The Serbian government recently invested ~$300 million in a new flash smelter and water treatment and effluent plant for Bor (in part financed by Export Development Canada). The Bor concentrator and refinery are designed to produce 400,000 tonnes of copper concentrate and 80,000 tonnes of refined copper respectively per annum. However, the mill is currently operating at less than half its nameplate capacity.

Under the purchase agreement, Lundin will fund up to a maximum of US$20 million on agreed exploration and study work on the Lower Zone over the next ~2 years. **We view this requirement as a key point underpinning Freeport's decision to enter into the purchase agreement with Lundin, as it provides much needed (required) near- to medium-term funding to keep the Timok project (licences) in good standing, and speaks volumes to the state of Freeport's liquidity/balance sheet—the Major has arguably had to relinquish exposure to the high-grade Upper Zone (admittedly not a priority to Freeport, but nevertheless valuable) to maintain option value on Timok's Lower Zone porphyry potential**. We suspect that Lundin was likely able to leverage Freeport's urgency while structuring the agreement (price). Lundin also anticipates that Upper Zone work over the next year to further advance the Cukaru Peki epithermal deposit towards completion of a feasibility study would be on the order of ~US$20 million to US$30 million (to be funded entirely by Lundin).

We believe Lundin's involvement in the Timok project bodes well for Reservoir, as we anticipate Lundin would/will take a more focused approach to timely epithermal mine development than Freeport (given the Major's affinity to Timok's large-scale porphyry potential, versus a 'smaller' scale epithermal mine). **Our formal (conceptual) Cukaru Peki epithermal valuation is based in part on assumed DSO production start-up in 2020, noting that Lundin has publicly stated it anticipates it could potentially advance the project into production within the next 4 to 5 years**. Lundin's existing/established working relationship with Freeport (at the Tenke mine in the DRC) also bodes well for timely project advancement.

In our opinion, Timok (Cukaru Peki) is one of the highest profile discoveries made in recent decades, underpinned by a defined high-grade epithermal resource directly adjacent to large-tonnage porphyry potential and a Major JV partner solely funding (in the case of Reservoir) ongoing exploration. We note Reservoir's neighbouring Tilva project is also underpinned by a similar JV agreement with Rio Tinto (refer to *Radar Screen*, December 18, 2015). **Lundin has stated the project will be its top-priority development focus going forward (assuming the transaction closes).**

Cukaru Peki Valuation / Reservoir ROFO Considerations

Generally speaking, Lundin's US$262.5 million purchase price for a 75% interest in the Cukaru Peki epithermal deposit (plus modest upside for a potential porphyry discovery at depth) arguably marks-to-market the value of the epithermal resource. It suggests that Reservoir's market valuation ($204 million market capitalization immediately prior to the purchase agreement; now $334 million) is steep given the Company's 25% interest in the same deposit (over time as per our model). **That said, we remind investors that Reservoir is <u>free carried</u> on all exploration at Timok through to the completion of a feasibility study and will retain a 25% interest in a (potential) porphyry discovery at depth, regardless of how big it may be. (Contrast with Lundin, which would likely not hold an interest in a discovery in excess of 4 million tonnes of contained copper equivalent; see above). Furthermore, Reservoir's balance sheet is well positioned with ~$32.3 million in 'cash' (as of November 30, 2015)**.

Conversely, in part given that the Cukaru Peki epithermal deposit is underpinned by a ~US$1.0 billion after-tax project NAV12% in our conceptual model (100% basis), one could argue that the US$262.5 million purchase agreement price tag for a 75% interest is low, and inherently opens the door for Reservoir to potentially consolidate a 100% interest in the epithermal Upper Zone for US$262.5 million given the Company's 60-day ROFO, which expires on May 3, 2016. <u>Hence, the next ~20-days could prove to be very interesting regarding the ultimate ownership structure/valuation of Timok—in part depending on the near-term availability/cost of capital to Reservoir</u>.

There are arguably a number of levers Reservoir could potentially look to pull in order to exercise its ROFO. The list includes (but is not limited to) equity financing, debt financing, streaming, strategic partnerships, or a combination thereof. We also suspect the ROFO may be viewed by other third parties as an opportunistic means to gain significant exposure to Timok (Cukaru Peki), acknowledging that Reservoir's recent share price appreciation, ROFO price tag consideration, and the inherent cost to subsequently build an epithermal mine at Cukaru Peki would arguably require a favourable outlook on the project beyond our conceptual epithermal model mine plan (which generates US$1.0 billion after-tax project NAV12%; 100% basis). **For illustrative purposes, we note that Reservoir's fully financed after-tax corporate NAV12% (2016 forward basis) would increase from $8.50 per fully diluted share to +$12.00 per share, if we were to assume the Company was able to exercise its ROFO through a US$262.5 million equity financing in Q2/16 (with the issue priced at $6.00 per share—a modest discount to current market pricing of $6.87 per share; 58 million shares issued / ~100% pro forma dilution) and proceed to fund/build/operate our modelled Cukaru Peki epithermal mine plan on a 100% basis over time (including 2020 production start-up of the modelled DSO mine).** We acknowledge this simplified analysis is arguably conservative from the point of view that Lundin's purchase agreement is based on staged payments, which could stand to enable Reservoir to source ROFO related funding on a staged basis as well (i.e., more favorable terms over time; following a ~US$155 million initial financing to cover the purchase agreement's upfront US$135 million closing cost and US$20 million near-term exploration spend on the Lower Zone). **Details aside, we would argue Reservoir is facing a significant value-add proposition. However, time is of the essence given the short 60-day fuse underpinning the Company's ROFO on Lundin's purchase agreement with Freeport.**

Reservoir Valuation Details

Our formal Reservoir valuation is based on Haywood's formal commodity price forecast, which includes long-term (+2019) copper and gold prices of US$3.00 per pound and US$1,200 per ounce respectively (refer to *Radar Screen*, January 12, 2016). Our target price of $8.50 per share is based on a 1.0x multiple to Reservoir's fully financed after-tax corporate NAV12%, which includes the following:

- $5.74 per share attributable to the Cukaru Peki epithermal (only) copper-gold project (25% modelled interest)
- $0.12 per share attributable to an additional in situ copper and gold credit for model attributable National Instrument 43-101 compliant resources not included in our Cukaru Peki epithermal (only) modelled mine plan
- $1.73 per share attributable to regional exploration upside potential at Cukaru Peki (and the rest of Reservoir's project portfolio)
- $0.76 per share attributable to corporate adjustments.

Reservoir NAV Valuation Breakdown and Sensitivity (based on a modelled 25% Cukaru Peki interest)

	Haywood Model						Spot Price
Long-term Copper Price Forecast, US$/lb		**$1.25**	**$2.00**	**$2.75**	**$3.50**	**$4.25**	
Long-term Gold Price Forecast, US$/oz		**$750**	**$1,000**	**$1,250**	**$1,500**	**$1,750**	
Long-term C$/US$ FX Rate		**$1.40**	**$1.30**	**$1.20**	**$1.10**	**$1.00**	
Fully Financed F/D Shares, millions	**58**	**58**	**58**	**58**	**58**	**58**	**58**
Corporate Adjustments (fully financed)							
Corporate Adjustments, US$M	**$33**	$33	$33	$33	$33	$33	**$33**
Corporate Adjustments, C$ per F/D share	**$0.76**	$0.80	$0.74	$0.68	$0.63	$0.57	**$0.73**
Cukaru Peki Project							
After-Tax Project NAV12%, US$M	**$249**	$38	$136	$230	$323	$417	**$177**
After-Tax Project NAV12%, C$ per F/D share	**$5.74**	$0.93	$3.06	$4.76	$6.13	$7.19	**$3.91**
Subtotal 'Base Case' Valuation (corporate adjustments + projects)							
Subtotal 'Base Case' After-Tax Corporate NAV12%, US$M	**$282**	**$71**	**$169**	**$263**	**$356**	**$450**	**$210**
Subtotal 'Base Case' After-Tax Corporate NAV12%, C$ per F/D share	**$6.50**	**$1.72**	**$3.80**	**$5.44**	**$6.76**	**$7.76**	**$4.64**
Resource + Exploration Upside Credit							
Resource Credit, US$M	**$5**	$5	$5	$5	$5	$5	**$5**
Resource Credit, C$ per F/D share	**$0.12**	$0.13	$0.12	$0.11	$0.10	$0.09	**$0.12**
Regional Exploration Upside Credit, US$M	**$75**	$75	$75	$75	$75	$75	**$75**
Regional Exploration Upside Credit, C$ per F/D share	**$1.73**	$1.81	$1.68	$1.55	$1.42	$1.29	**$1.66**
Total Resource + Exploration Upside Credit, US$M	**$80**	$80	$80	$80	$80	$80	**$80**
Total Resource + Exploration Upside Credit, C$ per F/D share	**$1.85**	$1.94	$1.80	$1.66	$1.52	$1.38	**$1.77**
Total Valuation (base case + resource/exploration)							
Total After-Tax Corporate NAV12%, US$M	**$362**	**$152**	**$250**	**$343**	**$436**	**$530**	**$290**
Total After-Tax Corporate NAV12%, C$ per F/D share	**$8.35**	**$3.66**	**$5.60**	**$7.10**	**$8.28**	**$9.14**	**$6.41**
Implied Target Price @ 1.0x After-Tax Corporate NAV12%, C$	**$8.50**	**$3.75**	**$5.75**	**$7.25**	**$8.50**	**$9.25**	**$6.50**
2020E CFPS, US$	**$1.17**	$0.56	$0.85	$1.13	$1.41	$1.70	**$0.97**
2021E CFPS, US$	**$0.98**	$0.41	$0.66	$0.94	$1.22	$1.51	**$0.78**

Haywood model is based on a long-term forecast copper price of US$3.00/lb.
Haywood model is based on a long-term forecast gold price of US$1,200/oz.
Haywood model is based on a current C$/US$ FX rate of 1.34 and a long-term C$/US$ FX rate of 1.16.

Source: Haywood Securities

Reservoir's flagship asset is a 45% interest in the Cukaru Peki copper-gold deposit, which currently forms the cornerstone of the Timok project located in eastern Serbia. A high-grade 65.3 million-tonne National Instrument 43-101 compliant epithermal resource is well positioned for expedited development on the back of established regional infrastructure, including rail, low-cost grid power, and the Bor smelter. Joint-venture partner Freeport-McMoRan is now working to complete a bankable feasibility study centred on the epithermal deposit, which will increase the Major's Timok project interest to 75% (from 55% currently). That said, drilling to date has also identified significant copper-gold porphyry mineralization at depth, adjacent to Cukaru Peki's epithermal resource.

We would argue that it is this large-scale porphyry potential, highlighted by a recent drill intercept of 705.8 metres grading 0.91% copper and 0.26 grams per tonne gold (1.07% copper equivalent starting at a downhole depth of 1,498.0 metres; 695.0-metre estimated vertical thickness) in hole TC140054/54a (refer to *Radar Screen*, October 15, 2015), that continues to garner Freeport's interest in the Timok project. Nevertheless, we remain cognizant that the delineation and potential subsequent development (likely block cave) of the porphyry will be a time- and cost-intensive process. **Hence, our formal base-case valuation considers only the development of Cukaru Peki's high-grade epithermal resource**.

Development risks associated with projects that have completed advanced engineering studies are significantly reduced, as many of the technical parameters used to define a project, including mine plans, metallurgical processes, and cost estimates, are backed by detailed engineering work. **Reservoir (through Freeport) is continuing to delineate the Cukaru Peki deposit, which remains open in multiple directions. Although epithermal mineralization is already supported by an initial National Instrument 43-101 compliant resource estimate, we do not expect Cukaru Peki will be the subject of a technical study (i.e., Preliminary Economic Assessment-level economic mine plan) until later this year (at the earliest, given uncertainty now associated with Lundin's pending purchase agreement)**. **In the meantime, our valuation is based on project parameters derived from conceptual Company guidance and peer-group comparables, underpinned in part by an underground mining scenario designed to produce direct shipping ore (DSO) and copper concentrate from Cukaru Peki's epithermal deposit. Our formal (base case) valuation does not consider scalability associated with the development of Cukaru Peki's deeper copper porphyry potential**. Since final development plans (i.e., scope) could differ materially, we look to refine our valuation as epithermal and porphyry mineralization is delineated further. **However, in the interim, we have conservatively applied a 12% discount rate to partially mitigate risk in our formal NAV-based valuation, noting Haywood's standard practice of using a 10% discount rate for base metals projects with completed National Instrument 43-101 compliant technical reports (i.e., economic mine plans)**.

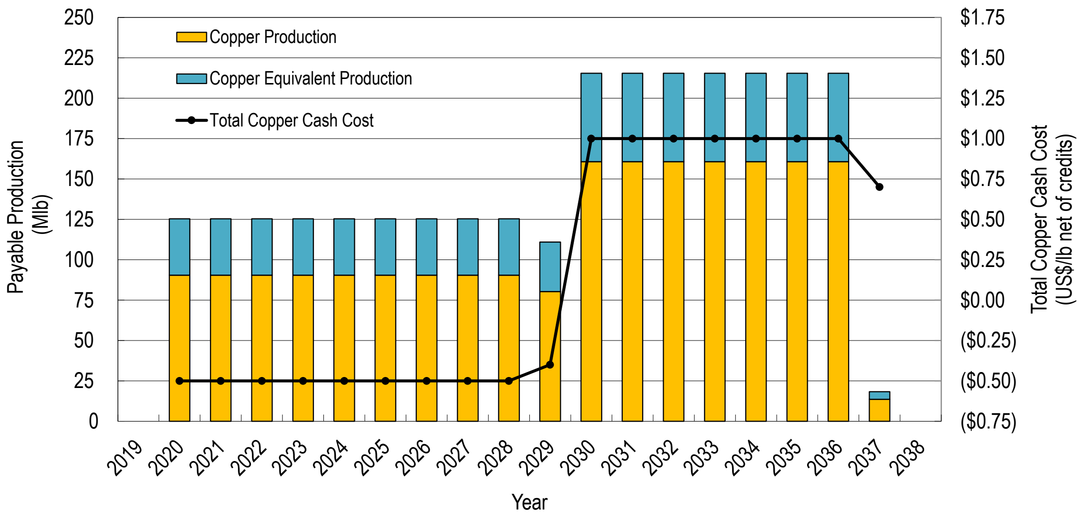
Cukaru Peki Epithermal Plan Generates $5.74 per Share in After-Tax NAV12%

We anticipate additional drilling at Cukaru Peki will delineate the deposit's porphyry envelope at depth. However, cognizant of the upside potential large-scale porphyry development would entail, our base-case mine plan assumes that future development is limited to Cukaru Peki's high-grade epithermal mineralization. **Our conceptual base-case model is underpinned by a 20.8 million-tonne mineable resource grading ~7.6% copper equivalent (100% basis), which represents a culmination of the highest grade subsets of Cukaru Peki's 65.3 million-tonne National Instrument 43-101 compliant resource estimate**. Our modelled inventory includes the following:

- **Phase 1:** 4.5 million tonnes grading 11.2% copper and 7.4 grams per tonne gold (100% basis), which we have assumed is amenable to an initial 1,500-tonne-per-day ramp-accessed underground DSO operation. **Recent infill drilling stands to bolster the tenor of Cukaru Peki's already high grade mineralization, noting recent highlights include a 49.0 metre intersection grading 13.74% copper and 11.82 grams per tonne gold (20.83% copper-equivalent; see above).**
- **Phase 2:** 16.3 million tonnes grading 3.7% copper and 2.8 grams per tonne gold (100% basis), which we have assumed is amenable to a subsequent ramp-/shaft-accessed underground operation that feeds a conventional new 7,500-tonne-per-day flotation circuit to produce copper concentrate at Cukaru Peki.

Our formal valuation is based on Phase 1 DSO production start-up in 2020 (noting Reservoir anticipates 2019 production start-up is possible) at an **initial capital cost of US$200 million (100% basis)**, which includes the development of a ~4,000-metre decline.

Cukaru Peki Epithermal Production Profile (100% basis; Haywood model)



Source: Haywood Securities

We model subsequent start-up of Phase 2 concentrate production in 2030 at an **initial capital cost of US$400 million (100% basis)**, which includes shaft and concentrator development. Our conceptual mine plan also includes a life-of-mine average on-site operating cost of US$100 per tonne handled/milled.

Cukaru Peki's Phase 1 DSO production profile spans ~10 years in our model, averaging ~90 million pounds of copper and ~87,000 ounces of gold per annum (payable) at an average total copper cash cost of (US$0.50) per pound net of credits (100% basis). We remain cognizant that Cukaru Peki's DSO profile in our model is contingent on the mine's ability to deliver/secure sales for material grading +10% copper. The deposit's National Instrument 43-101 compliant 4.5 million-tonne high-grade massive sulphide (HGMS) resource grading 11.2% copper and 7.4 grams per tonne gold (at a > 10.0% copper equivalent cutoff grade) includes ~2 million tonnes grading +13% copper and +8 grams per tonne gold, which is in line with DSO grades currently associated with other mines/projects globally. That said, the remaining ~2.5 million tonnes of relatively lower grade material may require special consideration (which is where having Freeport as a project partner may prove beneficial).

Subsequent Phase 2 concentrate production supports mine life through ~2036, averaging ~161 million pounds of copper and ~137,000 ounces of gold per annum (payable) at an average total copper cash cost of US$1.00 per pound net of credits (100% basis). Our model is based on standard milling, followed by froth flotation to produce a copper-gold concentrate on-site for subsequent shipping to overseas smelters—an arguably conservative assumption considering excess smelting capacity at the nearby recently upgraded Bor complex (see above). In lieu of metallurgical data, we have assumed 90% copper recovery (and 75% gold recovery) to a concentrate grading 28% copper. We note that Cukaru Peki's inferred resource grades 0.1% arsenic (+0.2% in the HGMS). It is not clear whether this element would report to a copper concentrate in quantities significant enough to invoke a penalty charge. That said, we acknowledge such a penalty would arguably be inconsequential relative to the potential economics associated with the deposit's high-grade copper and gold mineralization. **Furthermore, we note that Yanggu Xiangguang Copper Co. Ltd., one of Reservoir's larger shareholders (3.5%), is also one of the world's largest copper smelting, refining, and processing companies. Located in Shandong Province of China, Yanggu Xiangguang has a designed smelting capacity of 450,000 tonnes per annum and is one of a few companies globally that employs state-of-the-art double-flash smelting and converting technology, which can readily handle dirty concentrates**.

Our valuation is based on Haywood's formal commodity price forecast, which includes long-term (+2019) copper and gold prices of US$3.00 per pound and US$1,200 per ounce respectively (refer to *Radar Screen*, January 12, 2016). **At these prices, our model generates a base-case pre-financed after-tax Cukaru Peki project NAV12% of US$1.0 billion (100% basis; after-tax internal rate of return of 95%; 2016 forward basis; 2020 Phase 1 DSO production start-up). This project NAV12% equates to US$249 million or $6.49 per current fully diluted share on a 25% modelled project interest basis**.

Cukaru Peki's Phase 1 DSO production profile does not require significant initial capital-cost consideration, as Reservoir's 25% share equates to US$50 million in our model. Furthermore, with a working-capital position of ~$31.9 million (as of November 30, 2015), we have assumed the Company will be able to finance its entire share of Phase 1 DSO initial capital cost through equity and cash on hand (i.e., no debt). Our model includes a US$25 million equity financing in 2018 conservatively priced at $5.00 per share (13% dilution). Attributable cash flow from our modelled Phase 1 DSO epithermal production profile is more than sufficient to fund Reservoir's share of subsequent Phase 2 development costs in our model (US$100 million required in ~2028). **Hence, on a fully financed basis, which includes modest equity dilution to partially fund Reservoir's Phase 1 DSO initial capital-cost requirements, our modelled 25% attributable Cukaru Peki after-tax project NAV12% of US$249 million equates to $5.74 per fully financed, fully diluted share (58 million fully diluted shares on a fully financed basis; 2016 forward basis)**. **This project NAV12% underpins Reservoir's fully financed after-tax corporate NAV12% of US$362 million or $8.35 per fully diluted share in our model, which in turn is the basis of our target price of $8.50 per share (derived from a 1.0x multiple to fully financed after-tax corporate NAV12%)**.

Reservoir Equity-Financing Assumption Summary (Haywood model)

	Year	Quarter	Amount (US$M)	Price (C$/share)	Shares (millions)
Current O/S Share Capital					48
Current F/D Share Capital					51
Modelled Interim Financing	**-**	**-**	**-**	**-**	**-**
Modelled Cukaru Peki Phase 1 Capex Financing	**2018**	**Q1**	**$25**	**$5.00**	**7**
Modelled Fully Financed F/D Share Capital					58

Source: Haywood Securities

Reservoir Phase 1 DSO-Related Equity-Financing Price Assumption Sensitivity (Haywood model)

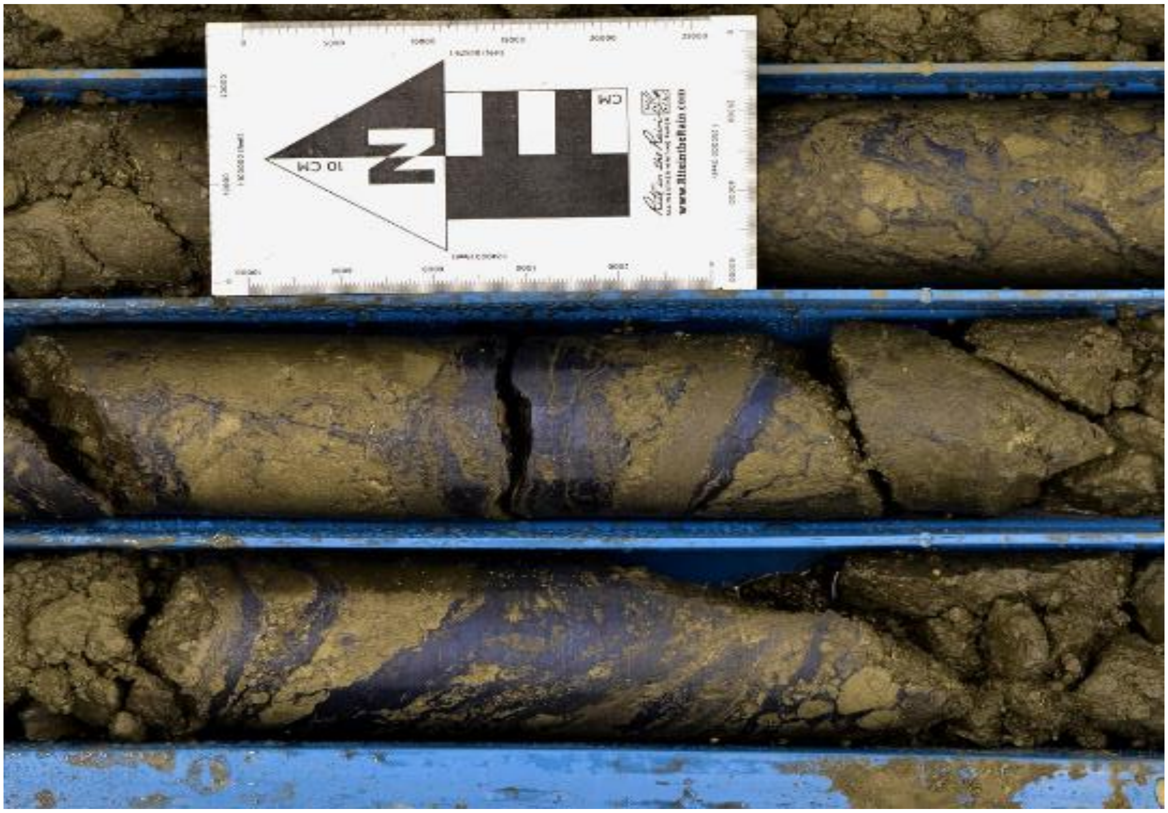
Issue Price (C$)	Shares Issued (million)	Fully Financed F/D Shares (million)	Fully Financed After-Tax Corporate NAV12% per F/D Share (C$)	Implied Target Price per Share (C$)
$8.00	4.2	55	$8.72	$8.75
$7.00	4.8	56	$8.63	$8.75
$6.00	5.6	57	$8.51	$8.75
$5.00	**6.7**	**58**	**$8.35**	**$8.50**
$4.00	8.3	60	$8.11	$8.25
$3.00	11.1	62	$7.75	$8.00

Implied target price per share is based on a 1.0x multiple to fully financed after-tax corporate NAV12%.
C$/US$ FX Rate: 1.34

Source: Haywood Securities

For illustrative purposes, we note that applying a 10% discount rate to our model increases Reservoir's fully financed after-tax corporate NAV (and our implied target price) to ~$9.75 per share. Our conceptual valuation is based on production start-up in 2020. Nevertheless, we note that a 12-month delay would decrease our fully financed after-tax project NAV12% to approximately $7.75 per fully diluted share (-9%; see below).

Cukaru Peki Epithermal Drill Core (FMTC-1338; 574 to 575 metres, 30.09% copper equivalent)

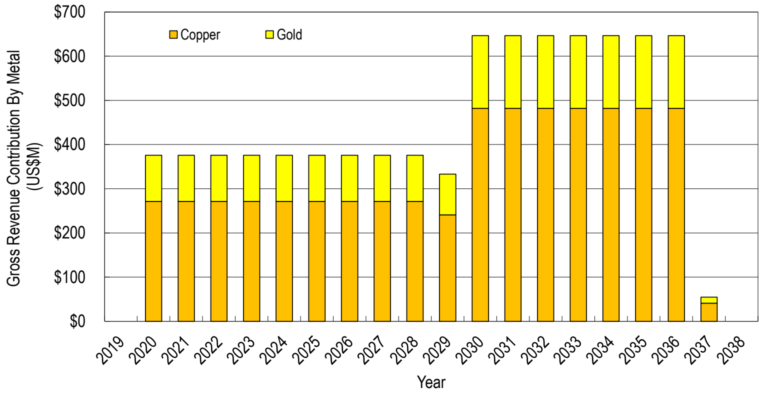


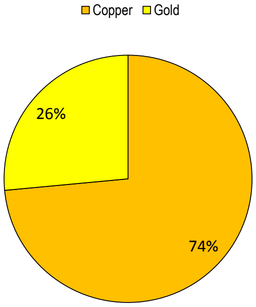
Source: Reservoir Minerals

Cukaru Peki – Production That Boasts a Significant Gold By-product Credit

Approximately 74% of Cukaru Peki's life-of-mine revenue is derived from copper in our model. However, the deposit, like most other high-sulphidation epithermal deposits, also contains a significant amount of gold. Our conceptual base-case Phase 2 epithermal mine plan includes ~137,000 ounces of annual gold production (payable; in copper concentrate; 100% basis), accounting for ~26% of the project's life-of-mine revenue—in turn reducing Cukaru Peki's life-of-mine average total copper cash cost net of by-product credits to US$0.30 per pound, versus US$1.50 per pound before by-product credits (Phase1 DSO and Phase 2 concentrate production combined).

Cukaru Peki Epithermal-Revenue Profile (100% basis; left: annual; right: LOM; Haywood model)





Source: Haywood Securities

Phase 2 Modelled Epithermal Mine Plan Comparison

For comparison (relative to our modelled Phase 2 mine plan), we note that an underground-only development scenario for Nevada Copper's Pumpkin Hollow copper project in Nevada is underpinned, in part, by a US$329 million initial capital-cost estimate for a 6,500-short-ton-per-day shaft-accessed operation (December 2012 technical report estimate). Associated life-of-mine average on-site operating costs are pegged at US$45.70 per tonne milled (in part utilizing standard froth flotation processing to produce a copper concentrate).

Cukaru Peki Epithermal Phase 2 Project Parameters and Pumpkin Hollow Comparison

	Pumpkin Hollow December 2012 Underground Only Alternative Technical Report	Cukaru Peki - Stage 2 Epithermal SMS Project Haywood Model
Location	Nevada	Serbia
'Mineable' Reserve / Resource		
'Mineable' Reserve / Resource, Mt	25.1	16.3
'Mineable' Reserve / Resource Copperl Grade, %	1.5%	3.7%
'Mineable' Reserve / Resource Gold Grade, g/t	0.2	2.8
'Mineable' Reserve / Resource Silver Grade, g/t	4.8	-
'Mineable' Reserve / Resource Copper Equivalent Grade, %	1.7%	5.3%
Contained "Mineable' Reserve / Resource Copper Equivalent, Mlb	917	1,895
Owner	Nevada Copper (NCU-T)	Reservoir Minerals (RMC-V)
Market Capitalization, $M	$79	$334
Assumed Project Interest, %	100%	25%
Market Capitalization / Attibutable Contained "Mineable' Reserve / Resource Copper Equivalent, US$/lb	$0.064	$0.529
Timing		
Status	construction (shovel ready)	exploration
Production Start-up (milling), year	2018	2030
Mine Life, years	12	7
Mine / Mill Type	owner operated shaft-accessed underground mining (longhole stoping with paste backfill)/ froth flotation processing	owner operated shaft-accessed underground mining (longhole stoping)/ froth flotation processing
Production		
Nameplate Ore Throughput (mill; 100% basis), Mtpa	2.1	2.7
Nameplate Ore Throughput (mill; 100% basis), tpd	5,888	7,500
LOM Average Metallurgical Copper Recovery to Copper Concentrate, %	92%	90%
LOM Average Gold Recovery to Copper Concentrate, %	78%	75%
LOM Average Silver Recovery to Copper Concentrate, %	58%	-
LOM Average Copper Concentrate Copper Grade, %	24%	28%
LOM Annual Average Copper Production (in concentrate; 100% basis), Mlb	63	132
LOM Annual Average Gold Production (in concentrate; 100% basis), koz	14	120
LOM Annual Average Silver Production (in concentrate; 100% basis), koz	226	-
Operating Costs		
LOM Average G&A Cost, US$/tonne milled	$3.64	$5
LOM Average Mining Cost, US$/tonne milled	$32.47	$75
LOM Average Processing Cost (on-site), US$/tonne milled	$8.21	$15
LOM Average Operating Cost (on-site), US$/tonne milled	$45.70	$95
LOM Average Total Copper Cash Cost (NoC; ER), US$/lb	$1.63	$0.70
Capital Costs		
Initial Capital Cost (100% basis), US$M	$329	$400
LOM Total Capital Cost (incl. sustaining capital and closure costs; 100% basis), US$M	$550	$620

NoC = net of credit; ER = excluding royalties.

Source: Nevada Copper, Reservoir Minerals, and Haywood Securities

Additional Porphyry Potential Consideration – Don't Let the Low NAV Fool You

Although our formal valuation is limited to a mineable high-grade epithermal resource at Cukaru Peki, we remain cognizant of the upside potential the delineation of a much larger porphyry deposit at depth could entail—arguably the reason Freeport committed a US$18.7 million budget to the project last year (and considers it as one of the Company's highest priority exploration assets). Porphyry-style copper-gold mineralization has now been intersected at depth to the north, east, and west of Cukaru Peki's epithermal resource. **Widely spaced drilling to date has traced porphyry mineralization over an ellipsoidal area that measures ~1,325 metres (east-west) by ~600 metres (north-south)**. The top of porphyry-style mineralization occurs at depths below surface ranging from ~1,400 metres in the west to ~750 metres in the east. The full vertical extent of porphyry-style mineralization remains unknown, as several holes have bottomed in mineralization. However, intersections to date range between 200 metres and 900 metres. **Assuming an average thickness of ~450 metres, drilling to date has already outlined a ~1 billion-tonne mineralized porphyry envelope (Haywood back-of-the-envelope calculation; not National Instrument 43-101 compliant, based in part on an assumed average rock density of ~2.7 grams per cubic centimetre, which is equivalent to the average density of crustal rock). Furthermore, copper-gold porphyry-style mineralization remains open in multiple directions**. Additional drilling is required to better constrain the porphyry system's geometry, noting its depth below surface likely precludes open-pit mining. However, grades encountered to date set the stage for a potential block-cave underground mining scenario analogous in part to the world-class Oyu Tolgoi mine in Mongolia.

For illustrative purposes, we note our model generates a ~US$317 million (~$7.30 per fully diluted share) fully financed after-tax Reservoir corporate NAV12% (at long-term copper and gold prices of US$3.00 per pound and US$1,200 per ounce respectively) if we assume future exploration were to delineate a ~1.5 billion-tonne mineable resource grading ~0.6% copper and ~0.1 grams per tonne gold, which is actually modestly lower than our base-case epithermal (only) valuation. **Our assumed 2035 porphyry production start-up timeline coupled with a development-intensive US$2.5 billion initial capital cost (100% basis; 25% attributable) for a 100,000-tonne-per-day underground block-cave mine and standard froth flotation concentrator are the key culprits for this optically less than stellar valuation, as the 'time value of money' associated with a 12% discount rate essentially obliterates the porphyry's value in our model (noting the 2016 forward NAV calculation basis). That said, on an undiscounted basis, the conceptual epithermal plus porphyry mine model, which boasts ~65 years of mine life averaging ~290 million pounds of payable copper production per annum at an average total cash cost of ~US$2.00 per pound net of by-product credits, generates ~US$11.4 billion in life-of-mine cumulative after-tax free cash flow (100% basis)—~three times the cumulative free cash flow generated by our base-case epithermal (only) valuation**. We would argue that it is this longer term economic potential that has garnered the attention of Freeport (and likely other Majors). We note that at US$3.00 per pound of copper and US$1,200 per ounce of gold, our model generates enough attributable free cash flow through the first ~12 years of epithermal production to fund Reservoir's 25% share of porphyry capital costs. However, at lower long-term copper pricing, our model would require additional external financing to partially fund the development of a +US$2.5 billion block-cave operation.

Reservoir / Cukaru Peki Valuation Scenarios

Scenario	1	Haywood Base Case	3	4	5	6	7
Mineable Epithermal 'DSO' Resource Tonnage, millions	4.5	**4.5**	4.5	4.5	4.5	**4.5**	4.5
Mineable Epitermal 'DSO' Epithermal Resource Copper Grade, %	11.2%	**11.2%**	11.2%	11.2%	11.2%	**11.2%**	11.2%
Mineable Epitermal 'DSO' Epithermal Resource Gold Grade, g/t	7.4	**7.4**	7.4	7.4	7.4	**7.4**	7.4
Mineable Epithermal 'Concentrate' Resource Tonnage, millions	10.5	**16.3**	20.5	25.5	16.3	**16.3**	16.3
Mineable Epitermal 'Concentrate' Epithermal Resource Copper Grade, %	3.7%	**3.7%**	3.7%	3.7%	3.7%	**3.7%**	3.7%
Mineable Epitermal 'Concentrate' Epithermal Resource Gold Grade, g/t	2.8	**2.8**	2.8	2.8	2.8	**2.8**	2.8
Mineable Porphyry Resource Tonnage, millions	-	**-**	-	-	1,000	**1,500**	2,000
Mineable Porphyry Resource Copper Grade, %	-	**-**	-	-	0.6%	**0.6%**	0.6%
Mineable Porphyry Resource Gold Grade, g/t	-	**-**	-	-	0.1	**0.1**	0.1
Epithermal Underground Mine Type	longhole	**longhole**	longhole	longhole	longhole	**longhole**	longhole
Epithermal Phase 1 'DSO' Production Start-up, year	2020	**2020**	2020	2020	2020	**2020**	2020
Epithermal Phase 1 'DSO' Mine Life, years	10	**10**	10	10	10	**10**	10
Epithermal Phase 2 'Concentrate' Production Start-up, year	2030	**2030**	2030	2030	2030	**2030**	2030
Epithermal Phase 2 'Concentrate' Mine Life, years	4	**7**	8	11	7	**7**	7
Porphyry Underground Mine Type	-	**-**	-	-	block cave	**block cave**	block cave
Porphyry Production Start-up, year	-	**-**	-	-	2035	**2035**	2035
Porphyry Mine Life, years	-	**-**	-	-	41	**49**	54
Epithermal Phase 1 'DSO' Mill Capacity (nameplate), tpd	1,500	**1,500**	1,500	1,500	1,500	**1,500**	1,500
Epithermal Phase 2 'Concentrate' Mill Capacity (nameplate), tpd	7,500	**7,500**	7,500	7,500	7,500	**7,500**	7,500
Porphyry Mill Capacity (nameplate), tpd	-	**-**	-	-	80,000	**100,000**	120,000
LOM Average Metallurgical Copper Recovery (mill), %	90%	**90%**	90%	90%	90%	**90%**	90%
LOM Average Metallurgical Gold Recovery (mill), %	75%	**75%**	75%	75%	75%	**75%**	75%
LOM Average Annual Copper Production (payable), Mlb	**105**	**110**	**120**	**120**	**230**	**290**	**350**
LOM Average Annual Gold Production (payable), ounces 000's	95	**100**	105	105	65	**70**	80
LOM Copper Production (payable), Blb	1.6	**2.0**	2.3	2.7	13.2	**19.0**	24.7
LOM Gold Production (payable), Moz	1.5	**1.8**	2.1	2.4	3.7	**4.8**	5.9
Epithermal On-site Operating Cost, US$/tonne handled/milled	$100	**$100**	$100	$100	$95	**$95**	$95
Porphyry On-site Operating Cost, US$/tonne milled	-	**-**	-	-	$23	**$20**	$17
Epithermal Phase 1 'DSO' Average Total Copper Cash Cost (NoC; IR), US$/lb	($0.50)	**($0.50)**	($0.50)	($0.50)	($0.50)	**($0.50)**	($0.50)
Epithermal Phase 2 'Concentrate' Average Total Copper Cash Cost (NoC; IR), US$/lb	$1.00	**$1.00**	$1.00	$1.00	$1.00	**$1.00**	$1.00
Porphyry Average Total Copper Cash Cost (NoC; IR), US$/lb	-	**-**	-	-	$2.50	**$2.20**	$1.90
LOM Average Total Copper Cash Cost (NoC; IR), US$/lb	**$0.20**	**$0.30**	**$0.40**	**$0.50**	**$2.20**	**$2.00**	**$1.80**
Epithermal Phase 1 'DSO' Initial Capital Cost, US$M	$200	**$200**	$200	$200	$200	**$200**	$200
Epithermal Phase 2 'Concentrate' Initial Capital Cost, US$M	$400	**$400**	$400	$400	$400	**$400**	$400
Porphyry Initial Capital Cost, US$M	-	**-**	-	-	$2,000	**$2,500**	$3,000
LOM Sustaining Capital Cost, US$M	$170	**$215**	$245	$280	$1,870	**$2,645**	$3,425
LOM Cummulative After-Tax Free Cash Flow (100% basis), US$M	$3,277	**$3,919**	$4,422	$4,962	$5,531	**$11,386**	$20,014
Pre Financed After-Tax Project NAV12% (100% basis), US$M	**$932**	**$997**	**$1,035**	**$1,069**	**$789**	**$838**	**$918**
Pre Financed After-Tax Project IRR, %	**95%**	**95%**	**95%**	**95%**	**95%**	**95%**	**95%**
Reservoir Project Interest, %	**25%**	**25%**	**25%**	**25%**	**25%**	**25%**	**25%**
Attributable Pre Financed After-Tax Project NAV12%, US$M	$233	**$249**	$259	$267	$197	**$210**	$230
Attributable Pre Financed After-Tax Project NAV12%, $ per current fully diluted share	$6.07	**$6.49**	$6.74	$6.95	$5.14	**$5.46**	$5.97
Fully Financed After-Tax Corporate NAV12%, US$M	**$350**	**$362**	**$370**	**$376**	**$305**	**$317**	**$337**
Fully Financed After-Tax Corporate NAV12%, $ per fully diluted share	**$8.05**	**$8.35**	**$8.52**	**$8.67**	**$7.01**	**$7.30**	**$7.75**
Implied Target Price (based on a 1.0x Corporate NAV12% metric), $ per share	**$8.25**	**$8.50**	**$8.75**	**$8.75**	**$7.25**	**$7.50**	**$7.75**

Haywood model includes 10% mine dilution at zero grade.

NoC = net of credits; IR = including royalties.

Project and corporate NAV12% based on Haywood metal price forecast including US$3.00/lb long-term copper and US$1,200/oz long-term gold.

Fully financed corporate NAV12% based on attributable share of Phase 1 DSO project intial capex being funded by a 0:100 debt:equity structure, with the equity component priced at $5.00 per share.

NAV calculations are based on a 2016 forward basis.

C$/US$ FX Rate: 1.34

Source: Haywood Securities

Project Interest Considerations

Freeport completed a US$3 million earn-in for 55% of the Timok project in mid-2012 (essentially ~2 years ahead of the scheduled joint-venture agreement spending requirement). In July 2012, the Major proceeded to exercise its option to solely fund the project towards the completion of a bankable feasibility study (BFS), which will increase its project interest to 75% (see above). Freeport's US$18.7 million 2015 exploration budget at Cukaru Peki speaks volumes about the Major's priority view on the project. **Nevertheless, in an effort to address balance sheet debt, Freeport recently announced plans to reduce its workforce, copper production, capital expenditures, and exploration expenditures across the Company's project portfolio**. The Company is also evaluating the potential sale of minority interests in certain mining assets. Activist investor Carl Icahn also recently acquired an 8.5% equity stake in the Major, and plans to focus on capital spending and executive compensation. **Hence, Lundin consideration aside, Freeport's financial issues could potentially divert attention from timely Cukaru Peki development, and the Major has not yet finalized a 2016E exploration budget for the project. Furthermore, we remain cognizant that Freeport could potentially lose focus on the project if future drilling targeting Cukaru Peki's porphyry potential does not delineate an economically viable deposit (hence, the positive impact Lundin's involvement stands to garner for potential timely development)**.

Although our formal valuation is based on a modelled 25% project interest, we remain cognizant that Reservoir's current ownership in Cukaru Peki (and the greater Timok project) stands at 45%. **For illustrative purposes we note that if Reservoir's Timok project interest were to remain at 45%, the Company's fully financed after-tax corporate NAV12% would increase to US$593 million or $11.53 per fully financed, fully diluted share in our base-case model**. The increased project interest requires additional Phase 1 DSO initial capital-cost financing consideration (for Reservoir) in our model; namely, in the form of additional equity dilution. That said, the increased interest also generates significantly higher attributable free cash flow over time, which more than offsets higher attributable Phase 2 epithermal (and potential porphyry) initial capital-cost financing considerations (at long-term copper pricing above ~US$3.00 per pound in the case of a US$2.5 billion porphyry block-cave operation). **Regardless, we remain cognizant that even if Cukaru Peki's porphyry potential does not materialize, it would likely be in Freeport's best longer-term interest to formally earn a 75% interest in the Timok project over time (by completing a BFS; refer to *Radar Screen*, December 15, 2015) before monetizing its interest given the implied economics of the 20% project interest differential (~US$200 million in our model at Haywood's long-term copper and gold prices of US$3.00 per pound and US$1,200 per ounce respectively and a 12% discount rate), versus the cost to formally earn it.** We would anticipate that additional spending required to complete a Cukaru Peki BFS is on the order of US$75 million to US$100 million and entails ~2 years of work.

We will continue to monitor Freeport's short- to medium-term corporate-level spending/cost-cutting decisions closely. We note that at current spot pricing, including US$2.20 per pound of copper and US$1,242 per ounce of gold, the implied economics of the 20% project interest differential decrease to ~US$140 million (at a 12% discount rate), which arguably begins to test risk/reward and/or corporate priority considerations faced by Freeport (in part accounting for the potential of Lundin's engagement). **We note the Timok project (exploration permit) is now into the first (of two) 2-year extensions. Hence, the Major needs to continue to conduct (commit significant funds to) meaningful exploration at the project to set the stage for converting permit to licence**.

Reservoir / Cukaru Peki Valuation Scenarios (Haywood metal price and foreign exchange rate forecast)

	Timok Project Interest 25%	45%	100%
Fully Financed F/D Shares, millions	58	69	156
Attributable After-Tax Cukaru Peki Project NAV12%, US$M	$249	$449	$997
Attributable After-Tax Cukaru Peki Project NAV12%, $ per fully financed fully diluted share	$5.74	$8.72	$8.51
Reservoir After-Tax Corporate NAV12%, US$M	$362	$593	$1,489
Reservoir After-Tax Corporate NAV12%, $ per fully financed fully diluted share	$8.35	$11.53	$12.71
Attributable After-Tax Cukaru Peki Project NAV10%, US$M	$305	$548	$1,219
Attributable After-Tax Cukaru Peki Project NAV10%, $ per fully financed fully diluted share	$7.02	$10.66	$10.40
Reservoir After-Tax Corporate NAV10%, US$M	$417	$694	$1,717
Reservoir After-Tax Corporate NAV10%, $ per fully financed fully diluted share	$9.61	$13.49	$14.65

Cukaru Peki project NAV based on US$3.00/lb long-term copper and US$1,200/oz long-term gold (2016 forward basis).
Scenarios based on a long-term C$/US$ FX rate of 1.16.
Fully financed F/D share count reflects RMC equity consideration to fund Cukaru Peki's attributable Phase 1 DSO initial capital cost (US$200M; 100% basis).
Sensitivity is based on 'epithermal only' base case modelled mine plan.
100% project interest scenario assumes Reservoir exercises its ROFO pertaining to Lundin's pending purchase agreement with Freeport via a US$262.5M equity financing in Q2/16 priced at $6.00 per share and proceeds to fund/build/operate our modelled Cukaru Peki epithermal mine plan on a 100% basis.

Source: Haywood Securities

Reservoir / Cukaru Peki Valuation Scenarios (spot metal and foreign exchange rate pricing)

	Timok Project Interest 25%	45%	100%
Fully Financed F/D Shares, millions	58	68	152
Attributable After-Tax Cukaru Peki Project NAV12%, US$M	$177	$318	$707
Attributable After-Tax Cukaru Peki Project NAV12%, $ per fully financed fully diluted share	$3.93	$6.00	$5.95
Reservoir After-Tax Corporate NAV12%, US$M	$290	$463	$1,200
Reservoir After-Tax Corporate NAV12%, $ per fully financed fully diluted share	$6.44	$8.73	$10.10
Attributable After-Tax Cukaru Peki Project NAV10%, US$M	$215	$387	$861
Attributable After-Tax Cukaru Peki Project NAV10%, $ per fully financed fully diluted share	$4.78	$7.31	$7.25
Reservoir After-Tax Corporate NAV10%, US$M	$328	$533	$1,359
Reservoir After-Tax Corporate NAV10%, $ per fully financed fully diluted share	$7.28	$10.05	$11.45

Cukaru Peki project NAV based on US$2.20/lb long-term copper and US$1,242/oz long-term gold (2016 forward basis).
Scenarios based on a long-term C$/US$ FX rate of 1.28.
Fully financed F/D share count reflects RMC equity consideration to fund Cukaru Peki's attributable Phase 1 DSO initial capital cost (US$200M; 100% basis).
Sensitivity is based on 'epithermal only' base case modelled mine plan.
100% project interest scenario assumes Reservoir exercises its ROFO pertaining to Lundin's pending purchase agreement with Freeport via a US$262.5M equity financing in Q2/16 priced at $6.00 per share and proceeds to fund/build/operate our modelled Cukaru Peki epithermal mine plan on a 100% basis.

Source: Haywood Securities

Barring a major discovery sufficient to prompt Freeport's continued participation in the Timok project, Cukaru Peki's (scalable) 65.3 million-tonne epithermal resource would still likely attract the interest of established mid-tier base metals producers looking to add high-grade production in proximity to established key infrastructure (see below)—Lundin is now a direct case in point. We note that Freeport's option to increase its ownership from 55% (currently) to 75% (by completing a BFS) is transferrable. Hence, Reservoir's future interest in the Timok project stands to decrease to 25% under a number of different corporate scenarios (including Lundin's pending purchase agreement; see above).

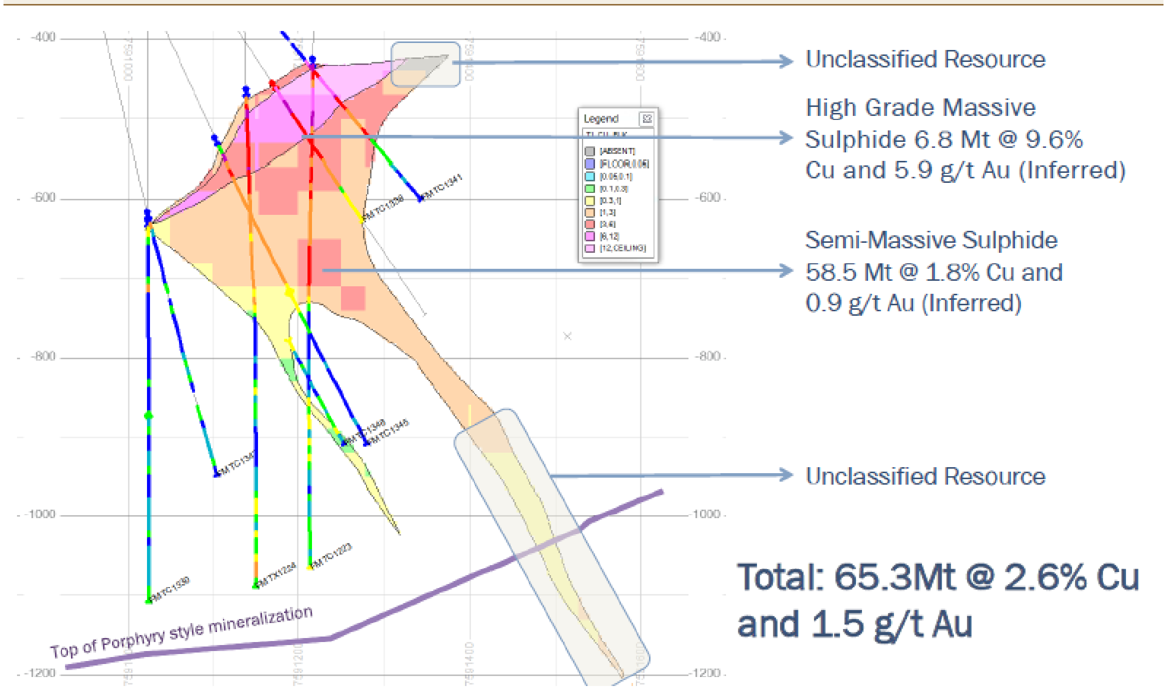
Cukaru Peki Resource Summary (Haywood Reservoir model)

	CuEq Cut-off Grade (%)	Tonnes (000's)	Cu Grade (%)	Au Grade (g/t)	CuEq Grade (%)	Copper (Mlb)	Gold (koz)	CuEq (Mlb)	EV/lb Cu (US$/lb)	EV/lb CuEq (US$/lb)
Cukaru Peki Epithermal DSO Model Mineable (100% basis)	-	4,500	11.2%	7.4	15.5%	1,111	1,071	1,539	-	-
Cukaru Peki Epithermal DSO Model Payable (100% basis)	-	-	-	-	-	889	856	1,231	-	-
Cukaru Peki Epithermal Concentrate Feed Model Mineable (100% basis)	-	16,300	3.7%	2.8	5.3%	1,317	1,445	1,895	-	-
Cukaru Peki Epithermal Concentrate Feed Model Payable (100% basis)	-	-	-	-	-	1,144	975	1,534	-	-
Total Model Mineable (100% basis)	**-**	**20,800**	**5.3%**	**3.8**	**7.5%**	**2,428**	**2,515**	**3,434**	**-**	**-**
Attributable Total Model Mineable (25% basis)	**-**	**5,200**	**5.3%**	**3.8**	**7.5%**	**607**	**629**	**859**	**$0.373**	**$0.264**
Total Model Payable (100% basis)	**-**	**-**	**-**	**-**	**-**	**2,033**	**1,831**	**2,765**	**-**	**-**
Attriburtable Total Model Payable (25% basis)	**-**	**-**	**-**	**-**	**-**	**508**	**458**	**691**	**$0.446**	**$0.328**
Cukaru Peki P&P Reserve (100% basis)	-	-	-	-	-	-	-	-	-	-
Total P&P Reserve (100% basis)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cukaru Peki M&I Resource (100% basis)	-	-	-	-	-	-	-	-	-	-
Total M&I Resource (100% basis)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cukaru Peki Epithermal HGMS Inferred Resource (100% basis)	>10.0%	4,500	11.2%	7.4	15.5%	1,111	1,071	1,539	-	-
	1.0% - 10.0%	2,300	6.5%	3.1	8.3%	330	229	421	-	-
Cukaru Peki Epithermal SMS Inferred Resource (100% basis)	>3.0%	14,000	3.2%	2.7	4.8%	988	1,215	1,474	-	-
	1.0% - 3.0%	44,500	1.3%	0.4	1.5%	1,275	572	1,504	-	-
Total Inferred Resource (100% basis)	**>1.0%**	**65,300**	**2.6%**	**1.5**	**3.4%**	**3,704**	**3,087**	**4,939**	**-**	**-**
Total Reserve and Resource (100% basis)	**-**	**65,300**	**2.6%**	**1.5**	**3.4%**	**3,704**	**3,087**	**4,939**	**-**	**-**
Attributable Total Reserve and Resource (45% basis)	**-**	**29,385**	**2.6%**	**1.5**	**3.4%**	**1,667**	**1,389**	**2,222**	**$0.136**	**$0.102**
Haywood Model Attributable Total Reserve and Resource (25% basis)	**-**	**16,325**	**2.6%**	**1.5**	**3.4%**	**926**	**772**	**1,235**	**$0.245**	**$0.184**

Cukaru Peki inferred resource estimate is National Instrument 43-101 compliant (prepared by SRK Consulting Ltd.).
CuEq = Copper equivalent, EV = enterprise value (market capitalization - working capital + debt).
CuEq copper price: US$3.00/lb
CuEq gold price: US$1,200/oz

Source: Reservoir Minerals and Haywood Securities

Cukaru Peki Resource Summary



Source: Reservoir Minerals and Haywood Securities

Investment Thesis

Reservoir's key asset is the Timok copper-gold project located within the Timok Magmatic Complex (TMC) of eastern Serbia. The Company holds eight exploration permits covering ~478 km^2, four of which (~213 km^2) are underpinned by a joint-venture agreement with Freeport-McMoRan. In August 2012, the Major completed its 55% project interest earn-in and became operator by spending US$3 million at Timok. Freeport has subsequently elected to solely fund all exploration work and can earn a 75% project interest by completing a bankable feasibility study (BFS) by 2025. However, we anticipate the study will be done sooner to satisfy the Serbian Mining Code, which requires a feasibility study to be complete by February 2019.

The Timok project, namely the Cukaru Peki deposit, is currently underpinned by a 65.3 million-tonne National Instrument 43-101 compliant epithermal resource grading 2.6% copper and 1.5 grams per tonne gold. **A 4.5 million-tonne very high-grade (11.2% copper and 7.4 grams per tonne gold) subset of the inferred resource stands to potentially support an initial direct shipping ore (DSO) ramp-accessed underground starter mine, providing a path to low-capex high-margin cash flow that would be meaningful to a mid-tier producer (like Lundin Mining). That said, the Timok region has attracted Major attention on the back of large-scale Tier 1 copper porphyry potential at depth adjacent to Cukaru Peki's epithermal resource, as evidenced by notable joint-venture activity involving Freeport and Rio Tinto**. In theory, the porphyry would be lower grade, but entails significantly more tonnage, potentially large enough to 'move the needle' for a Major. Furthermore, underground epithermal mining stands to de-risk subsequent porphyry (block cave) development. Note that the initial +12 years of epithermal production stand to fully finance a larger scale block-cave operation (Haywood model)—a consideration many other large-scale (high initial capital cost) copper projects don't offer.

The juxtaposition of high-grade epithermal mineralization and deeper porphyry potential at Cukaru Peki is directly analogous to the geological framework at the state-owned Bor mining (and smelting) complex, which is located ~6 kilometres to the north and has been in production for more than 100 years. **Established regional mining infrastructure stands to benefit Cukaru Peki and Reservoir's numerous other exploration targets located along the Timok Magmatic Complex, which forms part of the prolific Tethyan Metallogenic Province.**

Cukaru Peki drill results continue to demonstrate the significant size potential of a porphyry system underlying/adjacent to a high-grade epithermal copper-gold deposit. It is encouraging that Freeport continues to aggressively drill both targets, in part through a US$18.7 million 2015E budget that has had +12 rigs deployed at a time when Major mining companies are scaling back activities—speaking volumes about Freeport's view on the project. Technical work is also underway to support a Preliminary Economic Assessment. In the meantime, we look to additional drill-hole assay results from Cukaru Peki as a potential catalyst(s). **In our opinion, Timok (Cukaru Peki) is one of the highest profile discoveries made in recent decades, underpinned by a defined high-grade epithermal resource directly adjacent to large-tonnage porphyry potential and a Major joint-venture partner solely funding ongoing exploration**. Reservoir's neighbouring Tilva project is also underpinned by a similar joint-venture agreement with Rio Tinto, and the Company's extended portfolio of exploration projects located in Eastern Europe and West Africa stands to benefit from a very strong balance sheet that includes $32.3 million of 'cash' (as of November 30, 2015). **We note that our $8.50 per share target price, derived from a base-case fully financed after-tax corporate NAV12%, conservatively considers only Cukaru Peki's epithermal potential and a modelled 25% project interest versus Reservoir's current 45% project interest.**

Reservoir Risks

Significant Investment Risks

The investment to which this report relates carries various risks, which are reflected in our Overall Risk Rating. We consider the following to be the most significant of these investment risks:

- Development risks associated with projects that have completed advanced engineering studies are significantly reduced, as many of the technical parameters used to define a project, including mine plans, metallurgical processes, and cost estimates, are backed by detailed engineering work. **Reservoir (through the Company's joint-venture partner Freeport) is continuing to delineate the Cukaru Peki deposit, which remains open in multiple directions. Although epithermal mineralization is already supported by an initial National Instrument 43-101 compliant resource estimate, we do not expect Cukaru Peki will be the subject of a technical study (i.e., Preliminary Economic Assessment-level economic mine plan) until mid-2016 (at the earliest). In the meantime, our valuation is based on project parameters derived from conceptual Company guidance and peer-group comparables, underpinned in part by an underground mining scenario designed to produce direct shipping ore (DSO) and copper concentrate from Cukaru Peki's epithermal deposit. Our formal base-case valuation does not consider scalability associated with the development of Cukaru Peki's deeper copper porphyry potential**. Since final development plans (i.e., scope) could differ materially, we look to refine our valuation as epithermal and porphyry mineralization is delineated further. **However, in the interim, we have conservatively applied a 12% discount rate to partially mitigate risk in our formal NAV-based valuation, noting Haywood's standard practice of using a 10% discount rate for base metals projects with completed National Instrument 43-101 compliant technical reports (i.e., economic mine plans)**.

- Reservoir boasts a strong balance sheet, which included a November 30, 2015, working-capital position of $31.9 million (and no long-term debt). Furthermore, ongoing exploration initiatives at the Company's flagship Cukaru Peki deposit are being entirely funded by joint-venture partner Freeport. Nevertheless, Reservoir will have to seek (modest) additional equity and/or debt to finance the Company's share (25% in Haywood model) of Cukaru Peki's Stage 1 DSO initial capital cost, which is yet to be formally quantified (US$200 million in our valuation; 100% basis). Consequently, there will be an unspecified amount of shareholder dilution and possible hedging requirements. **Although our valuation accounts for potential dilution, it is pro forma in nature**. We do not expect Reservoir will look to finance its share of Phase 1 DSO initial capital costs until ~2018, at which point the project will be backed by a National Instrument 43-101 compliant mine plan (feasibility study), which in turn would garner the use of a 10% discount rate (versus 12% underpinning our current risk-adjusted model, above). Given consideration for the 'time value of money', we note our model generates a fully financed after-tax corporate NAV10% of US$485 million or $11.18 per fully diluted share on a 2018 forward basis, well above our assumed equity financing price of $5.00 per share.

- Reservoir's flagship asset is located in Serbia, which was granted European Union candidate status in March 2012. The government has committed to increasing the country's mining industry contribution to gross domestic product (GDP) from 2% to 5% by 2020 (note, Serbia's GDP in 2013 was US$80 billion). A new mining code, enacted in 2012, sets the stage for timely project advancement in the country. There are no restrictions on foreign ownership and no mandated government participation (aside from a 5% net smelter return royalty on copper and gold production). A corporate tax rate of 15% also bodes well for the jurisdiction. Nevertheless, although Serbia welcomes mining development, there is only a limited history of foreign-led mining activity in the country.

- **Serbia ranks reasonably well in overall investment attractiveness (63.2, or 53 of 109 ranked countries) and policy perception (83.0, or 27 of 109 ranked countries) on the Fraser Institute's 2015 Annual Survey of Mining Companies**. That said, we remain cognizant that for some investors, mining issues experienced in neighbouring Romania and Bulgaria may detract from exposure in other eastern European countries (such as Serbia). **Hence, we view (perceived) political risk as High**.

- Advancement of Reservoir's flagship asset Cukaru Peki is being dictated by the Company's joint-venture partner Freeport. We remain cognizant that the Major's priorities may not always coincide with Reservoir's; namely, timely advancement of Cukaru Peki's epithermal resource. **That said, we look favorably on Lundin's potential involvement in Serbia via a pending purchase agreement with Freeport, as it stands to bring greater focus to timely epithermal mine development at Cukaru Peki (versus Freeport's focus on porphyry potential at depth). We also remain cognizant that the Serbian Mining Code requires Freeport to table a feasibility study by February 2019. However, in the meantime, dissemination of information has been/could continue to be sporadic.**

- Cukaru Peki was a key exploration focus for Freeport in 2015, as is evident from the Major's US$18.7 million budget at the project last year. **Nevertheless, in an effort to address balance sheet debt, Freeport recently announced plans to reduce its workforce, copper production, capital expenditures, <u>and exploration expenditures</u> across the Company's project portfolio**. The Company is also evaluating the potential sale of <u>minority</u> interests in certain mining assets. Activist investor Carl Icahn also recently acquired an 8.5% equity stake in the Major, and plans to focus on capital spending and executive compensation. **Hence, Lundin consideration aside, Freeport's financial issues could potentially divert attention from timely Cukaru Peki development—the Major has not yet finalized a 2016E exploration budget for the project. Our formal valuation is in part based on the start-up of high-grade epithermal production at Cukaru Peki in 2020**. Subsequent development of the neighbouring porphyry (if warranted) would likely entail a block-cave operation, which could take multiple years to develop/ramp-up to full-scale capacity**. Hence, investor patience is required**.

- **Reservoir's shares are tightly held, providing limited liquidity to investors**. That said, we view the implications of a loyal 'cornerstone' institutional base including Jing Bao, Sprott Asset Management, Adrian Day Asset Management, Global Strategic Management, JP Morgan, Blackrock (the largest natural resource fund in the world), and Yanggu Xiangguang Copper (China's largest private and most modern smelter) supplemented by key high-net-worth shareholders, as a positive mechanism for preserving value in the context of current market weakness/volatility. **Looking further ahead, higher trading volumes (and a clearer path to production) would add investment appeal**.

- Volatility in base metal pricing is a reality of the present global economic environment. Under current market conditions, Reservoir does not foresee any material copper price-related problems (buffered in part by Cukaru Peki's high epithermal copper and gold grades). We note that our formal base-case valuation includes a corporate life-of-mine average total copper cash cost of US$0.30 per pound (net of gold by-product credits, including off-site charges and royalties), versus current spot copper pricing of US$2.20 per pound. **Nevertheless, given current market conditions, we maintain a speculative outlook on all names in our coverage universe**.

Our Risk Profile Parameters ratings and Overall Risk Rating are set out on the cover page and are explained in our Rating Structure section under "Overall Risk Rating" and "Risk Profile Parameters". These ratings are an integral part of our Report.

HAYWOOD SECURITIES INC. CAPITAL MARKETS

Reservoir Minerals Inc. (RMC-V)

Rating: BUY
Target Price: C$8.50
Target Price Metric: 1.0x after-tax corporate NAV12%

Target Price, C$	$8.50	**Shares O/S, million**	**48.7**
Current Price, C$	$6.87	Shares F/D, million	51.3
Return, %	24%	**Market Capitalization, US$M**	**$250.5**
52-Week High / Low, C$	$7.25 / $3.26	CEO	Simon Ingram
Daily Volume (100-day avg)	46,106	Company Web Site	www.reservoirminerals.com

Balance Sheet and Capitalization

	US$M	US$ / O/S Share	C$M	C$ / O/S Share
Market Capitalization	$250.5	$5.15	$334.5	$6.87
Current Cash and Short-Term Investments	$24.2	$0.50	$32.3	$0.66
F/D Cash Adds	$2.7	$0.06	$3.6	$0.07
Working Capital	$23.9	$0.49	$31.9	$0.65
Long-term Debt	$0.0	$0.00	$0.0	$0.00
Book Value	$24.5	$0.50	$32.7	$0.67
Enterprise Value (EV)	$226.7	$4.66	$302.6	$6.22

EV = Market Capitalization - Working Capital + Long-term Debt
C$/US$ FX Rate: 1.34

Share Capital Dilution

	Number	Price	Proceeds	Expiry
Warrants	0.0M	C$0.00	US$0.0M	-
Options	1.8M	C$2.00	US$2.7M	Oct 2016 - Oct 2019
Warrants + Options	1.8M	C$2.00	US$2.7M	

C$/US$ FX Rate: 1.34

Recent Financings

March 20, 2014 - $23.0M non-brokered private placement (4.0M shares @ $5.75 per share)
March 20, 2014 - $10.0M bought deal brokered private placement (1.7M shares @ $5.75 per share)

Major Shareholders

	O/S (millions)	O/S (%)	F/D (millions)	F/D (%)
Jing Bao Limited	4.8	10%	4.8	9%
Sprott Asset Management	3.6	7%	3.6	7%
Adrian Day Asset Management	3.1	6%	3.1	6%
Global Strategic Management Inc.	2.9	6%	2.9	6%
JP Morgan Chase & Co.	2.7	6%	2.7	5%
Black Rock	2.3	5%	2.3	4%
Yanggu Xiangguang Copper Co. Ltd.	1.7	4%	1.7	3%
Management and Directors	2.6	5%	2.6	5%
Total	48.7	14%	51.3	13%

Financial Forecast (based on modelled 25% Cukaru Peki project interest)

	2018	2019	2020	2021	2022	2023
Forecast Copper Price, US$/lb	$2.75	$3.00	$3.00	$3.00	$3.00	$3.00
Forecast Gold Price, US$/oz	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
C$/US$ FX Rate	1.22	1.18	1.16	1.16	1.16	1.16
Shares O/S, millions	55	55	55	55	55	55
Net Revenue, US$M	$0	$0	$94	$94	$94	$94
Cost of Sales, US$M	$0	$0	($10)	($10)	($10)	($10)
Corporate G&A, US$M	($2)	($2)	($2)	($2)	($2)	($2)
EBITDA, US$M	($2)	($2)	$78	$76	$76	$76
EV / EBITDA	-	-	2.9x	3.0x	3.0x	3.0x
DD&A, US$M	$0	$0	($4)	($4)	($4)	($4)
Earnings, US$M	($2)	($2)	$50	$49	$49	$49
EPS, US$	**($0.03)**	**($0.03)**	**$0.91**	**$0.89**	**$0.89**	**$0.89**
Current Price / EPS	**-**	**-**	**6.5x**	**6.7x**	**6.7x**	**6.7x**
Target Price / EPS	-	-	8.1x	8.3x	8.3x	8.3x
Cash Flow Before W/C Changes, US$M	($2)	($2)	$65	$54	$54	$54
CFPS, US$	**($0.03)**	**($0.03)**	**$1.17**	**$0.98**	**$0.98**	**$0.98**
Current Price / CFPS	**-**	**-**	**5.1x**	**6.1x**	**6.1x**	**6.1x**
Target Price / CFPS	-	-	6.3x	7.5x	7.5x	7.5x
CAPEX, US$M	($25)	($25)	$0	($1)	($1)	($1)
Cash Flow from Investing, US$M	($25)	($25)	$0	($1)	($1)	($1)
Cash Flow from Financing, US$M	$25	$0	($25)	$0	$0	$0
Free Cash Flow, US$M	**($2)**	**($27)**	**$40**	**$53**	**$53**	**$53**
FCPS, US$	($0.03)	($0.48)	$0.72	$0.96	$0.96	$0.96
Working Capital (YE), US$M	$21	($6)	$33	$86	$138	$190
Long-term Debt (YE), US$M	$0	$0	$0	$0	$0	$0

Corporate NAV Summary and Sensitivity (based on modelled 25% Cukaru Peki project interest)

	Haywood Model					Spot
Forecast Copper Price, US$/lb		**$1.25**	**$2.00**	**$2.75**	**$3.50**	**$2.20**
Forecast Gold Price, US$/oz		**$750**	**$1,000**	**$1,250**	**$1,500**	**$1,242**
Forecast C$/US$ FX Rate		**1.40**	**1.30**	**1.20**	**1.10**	**1.28**
Corporate Adjustments, US$M	**$33**	$33	$33	$33	$33	**$33**
Cukaru Peki After-Tax Project NAV12%, US$M	**$249**	$38	$136	$230	$323	**$177**
Additional Exploration Credit, US$M	**$80**	$80	$80	$80	$80	**$80**
Corporate NAV, US$M	**$362**	**$152**	**$250**	**$343**	**$436**	**$290**
Corporate Adjustments, C$ / F/D share	**$0.76**	$0.80	$0.74	$0.68	$0.63	**$0.73**
Cukaru Peki After-Tax Project NAV12%, C$ / F/D share	**$5.74**	$0.93	$3.06	$4.76	$6.13	**$3.91**
Additional Exploration Credit, C$ / F/D share	**$1.85**	$1.94	$1.80	$1.66	$1.52	**$1.77**
Corporate NAV, C$ / F/D share	**$8.35**	**$3.66**	**$5.60**	**$7.10**	**$8.28**	**$6.41**
Current Price / Corporate NAV	**0.8x**	**1.9x**	**1.2x**	**1.0x**	**0.8x**	**1.1x**
Target Price / Corporate NAV	**1.0x**	2.3x	1.5x	1.2x	1.0x	**1.3x**
2020E CFPS, US$	**$1.17**	$0.56	$0.85	$1.13	$1.41	**$0.97**
2021E CFPS, US$	**$0.98**	$0.41	$0.66	$0.94	$1.22	**$0.78**

Model shares F/D (fully financed): 58M

Cukaru Peki Production Profile (100% basis)

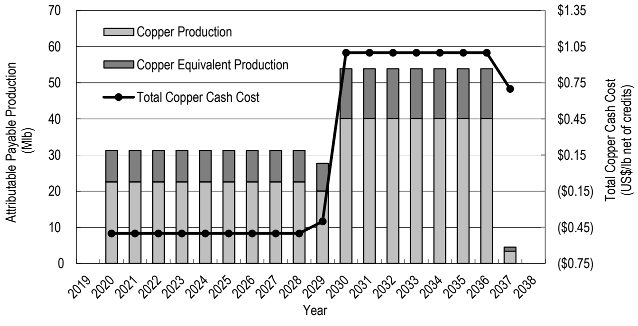
	RLOM	2019	2020	2021	2022	2023
Ore Tonnes Handled/Milled, millions	22.9	-	0.5	0.5	0.5	0.5
Ore Tonnes Handled/Milled (nameplate), tonnes per day	7,500	-	1,500	1,500	1,500	1,500
Copper Grade Handled/Milled, %	4.7%	-	10.2%	10.2%	10.2%	10.2%
Gold Grade Handled/Milled, g/t	3.4	-	6.7	6.7	6.7	6.7
Payable Copper Production, Mlb	**2,033**	**-**	**90**	**90**	**90**	**90**
Payable Gold Production, koz	**1,831**	**-**	**87**	**87**	**87**	**87**
Payable Copper Equivalent Production, Mlb	**2,765**	**-**	**125**	**125**	**125**	**125**
Total On-Site Operating Cost, US$/tonne handled/milled	$100	-	$100	$100	$100	$100
Total Copper Cash Cost (IR), US$/lb	$1.50	-	$0.70	$0.70	$0.70	$0.70
Total Copper Cash Cost (NoC; IR), US$/lb	**$0.30**	**-**	**($0.50)**	**($0.50)**	**($0.50)**	**($0.50)**

Copper equivalence is calculated using Haywood's formal long-term metal price forecasts.
IR = including royalties; NoC = net of credits.

Cukau Peki Metal Inventory - Model Mineable, Reserve, and Resource

	Tonnes (000's)	Cu Grade (%)	CuEq Grade (%)	Copper (Mlb)	CuEq (Mlb)	EV/lb CuEq (US$/lb)
Epithermal DSO Model Mineable (100%basis)	4,500	11.2%	15.5%	1,111	1,539	-
Epithermal Concentrate Feed Model Mineable (100% basis)	16,300	3.7%	5.3%	1,317	1,895	-
Epithermal Model Mineable (100% basis)	20,800	5.3%	7.5%	2,428	3,434	-
Epithermal Model Mineable (25% basis)	**5,200**	**5.3%**	**7.5%**	**607**	**859**	**$0.264**
Epithermal Reserve (100% basis)	-	-	-	-	-	-
Epithermal HGMS Inferred Resource (100% basis)	6,800	9.6%	13.1%	1,441	1,961	-
Epithermal SMS Inferred Resource (100% basis)	58,500	1.8%	2.3%	2,263	2,978	-
Epithermal Reserve + Resource (100% basis)	65,300	2.6%	3.4%	3,704	4,939	-
Epithermal Reserve + Resource (45% basis)	**29,385**	**2.6%**	**3.4%**	**1,667**	**2,222**	**$0.102**
Epithermal Reserve + Resource (25% basis)	**16,325**	**2.6%**	**3.4%**	**926**	**1,235**	**$0.184**

Copper equivalence is calculated using Haywood's formal long-term metal price forecasts.



Reservoir Minerals Inc. Consensus Estimate Summary (Reuters data sourced via Capital IQ)

	Analysts	Mean EPS	High / Low	Haywood vs. Cons.	Mean CFPS	High / Low	Haywood vs. Cons.
2016 Consensus Estimate	3	**(US$0.17)**	(US$0.12) / US($0.28)	(1%)	**(US$0.15)**	(US$0.13) / US-$0.27	(18%)
2017 Consensus Estimate	3	**(US$0.15)**	(US$0.12) / US($0.28)	(79%)	**(US$0.14)**	(US$0.13) / US-$0.26	(79%)
	Analysts	**SO Rating**	**SP Rating**	**SU Rating**	**Mean Target**	**High / Low**	**Haywood vs. Cons.**
Consensus Valuation	6	5	1	-	**US$7.95**	US$10.50 / US$6.50	7%

Peer-Group Comparables (Haywood Securities estimates)

	Share Price	Corp NAV	Price / NAV	2016E CFPS	Price / CFPS	2017E CFPS	Price / CFPS
Reservoir Minerals Inc. (RMC-V)	C$6.87	C$8.35	**0.8x**	(US$0.13)	**-**	(US$0.03)	**-**
Capstone Mining Corp. (CS-T)	C$0.56	C$0.45	**1.2x**	US$0.22	**1.9x**	US$0.15	**2.9x**
Copper Mountain Mining Corp. (CUM-T)	C$0.52	C$2.15	**0.2x**	US$0.15	**2.6x**	US$0.25	**1.6x**
Foran Mining Corp. (FOM-V)	C$0.10	C$0.24	**0.4x**	(US$0.01)	**-**	(US$0.00)	**-**
Highland Copper Co. (HI-V)	C$0.08	C$0.25	**0.3x**	(US$0.02)	**-**	(US$0.00)	**-**
HudBay Minerals Inc. (HBM-T)	C$4.54	C$7.34	**0.6x**	US$1.20	**2.8x**	US$1.50	**2.4x**
Lundin Mining Corp. (LUN-T)	C$4.26	C$5.15	**0.8x**	US$0.55	**5.9x**	US$0.80	**4.1x**
Nevsun Resources Ltd. (NSU-T)	C$4.28	C$4.97	**0.9x**	US$0.15	**-**	US$0.15	**-**
NovaCopper Inc. (NCQ-T)	C$0.50	C$0.65	**0.8x**	(US$0.09)	**-**	(US$0.13)	**-**
Royal Nickel Corp. (RNX-T)	C$4.28	-------------------------	-------------------------	*Restricted*	-------------------------	-------------------------	
Talon Metals Corp. (TLO-T)	C$0.08	C$0.33	**0.2x**	(US$0.01)	**-**	(US$0.01)	**-**
Trevali Mining Corp. (TV-T)	C$0.36	-------------------------	-------------------------	*Restricted*	-------------------------	-------------------------	
Peer-Group Average (producers)			**0.8x**		**2.6x**		**2.2x**
Peer-Group Average (developers)			**0.4x**		**-**		**-**
Peer-Group Average (all)			**0.6x**		**3.3x**		**2.7x**

2016E C$/US$ FX Rate: 1.34
2017E C$/US$ FX Rate: 1.28

Modelled Equity Financings

	Year	Quarter	Amount (US$M)	Price (C$/share)	Shares (millions)
Current O/S Share Capital					49
Current F/D Share Capital					51
Modelled Interim Financing	**-**	**-**	**-**	**-**	**-**
Modelled Cukaru Peki Phase 1 Capex Financing	**2018**	**Q1**	**$25**	**$5.00**	**7**
Modelled Fully Financed F/D Share Capital					58

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Source: Reservoir Minerals, Capital IQ, and Haywood Securities

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	Ticker	Company	1	2	3	4	5	6	7	8
	TSX:CS	Capstone Mining Corp.			X					
	TSX:CUM	Copper Mountain Mining Corp.			X					
	TSXV:FOM	Foran Mining Corp.			X			X		
	TSXV:HI	Highland Copper Company Inc.			X			X		
	TSX:HBM	Hudbay Minerals, Inc.			X					
	TSX:LUN	Lundin Mining Corporation	X		X		X			
	TSX:NSU	Nevsun Resources Ltd.			X					
	TSX:NCQ	NovaCopper Inc.			X		X			
	TSXV:RMC	Reservoir Minerals Inc.								
	TSX:RNX	Royal Nickel Corporation			X			X	X	
	TSX:TLO	Talon Metals Corp.			X					
	TSX:TV	Trevali Resources Corp.			X	X				

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Risk Profile Parameters – Mining and Minerals Sector

Forecast Risk: High (7-10) – The Company's primary project(s) is at an earlier stage of exploration and/or resource delineation whereby grades, tonnages, capital and operating costs, and other economic/operational parameters are not yet reliably established. **Moderate (4-6)** – The Company has taken steps to de-risk its primary producing, or soon to be producing project(s) and has established reasonably reliable operational and economic parameters. **Low (1-3)** – The Company has de-risked the majority of its primary project(s) through operational history and established production profile(s).

Financial Risk: High (7-10) – The Company's near- and medium-term (capital) expenditure considerations, including the current year or next forecast year, are not fully funded through a combination of established debt facilities, cash on hand, and/or anticipated cash flow from existing operations—successful project execution depends, in part, on future (equity) financing(s). Existing and/or forecast levels of leverage are above average relative to the Company's peer group. The risk of a significant capital cost overrun(s) is high given the early stage of project development. **Moderate (4-6)** – The Company's near-term (capital) expenditure program, in the current year or next forecast year, is fully funded through a combination of established debt facilities, cash on hand, and/or anticipated cash flow from existing operations. Medium-term funding requirements will likely require additional financing consideration, but should be achievable assuming no significant uncontrollable events impede access to capital. Existing and/or forecast levels of leverage are in-line with the Company's peer group. The risk of a significant capital cost overrun(s) is moderate given the advanced stage of project development. **Low (1-3)** – the Company's near- and medium-term (capital) expenditure program is fully funded through a combination of established debt facilities, cash on hand, and/or anticipated cash flow from existing operations. Existing and/or forecast levels of leverage are below average relative to the Company's peer group.

Valuation Risk: High (7-10) – The current valuation is at a premium to peers. The valuation reflects considerable future exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the "DCF" evaluation by more than 50%. **Moderate (4-6)** – The current valuation is within historic ranges and generally consistent with peers. The valuation reflects reasonable exploration success and/or commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by 15% to 50%. **Low (1-3)** – The current valuation is at the low end of historic ranges and at a discount to peer valuations. The valuation reflects limited new exploration success and no commodity appreciation. Where applicable, the current capitalization exceeds the DCF valuation by less than 15% or falls below the current market value.

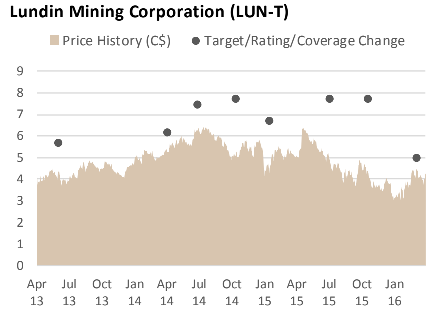
Political Risk: High (7-10) –Obtaining permits is challenging. Properties are located in an area(s) with high geo-political uncertainty, limited access, and/or have significant new infrastructure requirements. **Moderate (4-6)** – Properties are located in an area(s) with moderate geo-political risk, reasonable or manageable access, and some established infrastructure. **Low (1-3)** – Properties are located in areas with a manageable geo-political risk profile and established access/infrastructure.

Distribution of Ratings (as of April 14, 2016)

	Distribution of Ratings %	#	IB Clients (TTM)
Buy	73.5%	75	95.0%
Hold	4.9%	5	5.0%
Sell	0.0%	0	0.0%
Tender	2.0%	2	0.0%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
dropped (TTM)	19.6%	20	0.0%

Price Chart, Rating and Target Price History (as of April 14, 2016)

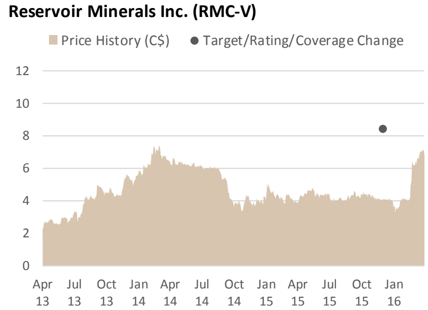
Lundin Mining Corporation (LUN-T)



Date	Target(C$)	Rating
3/15/16	$5.00	Buy
11/2/15	$7.75	UR (Buy)
7/15/15	$7.75	Buy
1/27/15	$6.75	Buy
10/23/14	$7.75	Buy
7/9/14	$7.50	Buy
4/16/14	$6.20	Buy
6/11/13	$5.70	Buy

Transferred Coverage: 11/02/15

Reservoir Minerals Inc. (RMC-V)



Date	Target(C$)	Rating
12/15/15	$8.50	Buy

Initiated Coverage: 12/15/15

B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
Source: Capital IQ and Haywood Securities