

# Regis Resources Ltd

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## Regis Resources' new management reviews DFS, improves returns at Duketon Gold Project

**Regis Resources** (ASX: RRL) has reviewed the April 2009 definitive feasibility study for development of the Company's 100% owned Duketon Gold Project in Western Australia - with some startling results.

The revised DFS shows a significantly improved financial return from the project and will allow financing of the development on competitive terms.

Net present value is estimated at \$146 million, with an internal rate of return of 57% and a payback period of 17 months.

Average annual production is forecast at 90,000 ounces, with a mine life at Duketon of six years. Capital cost in the DFS has seen a significant reduction from \$125 million (excluding contingency) to \$73 million.

The new management team has shaken up many of the parameters assumed under the previous DFS.

Significantly, there has been no slippage in the potential commencement of operations at the Duketon Gold Project, in spite of the 12 week review and revision of the DFS undertaken since the appointment of the Company's new board on 4 May 2009.

First gold production is scheduled for September 2010.

The preliminary timetable for development of Duketon:

August 2009: Secure project funding  
 September 2009: Commence plant site earthworks  
 December 2009: Commence plant construction  
 July 2010: Mill delivery and commencement of installation  
 September 2010: Commissioning and first gold production

As a result of the review, significant changes have been made to the development and operating parameters of the Duketon Project including:

- Reduction in nominal plant throughput from 2.5 million tonnes per annum (mtpa) to 2.0 mtpa.
- Change in mining method from scraper mining to truck and shovel excavation due to the haul distance to the processing plant, planned direct tipping of ore to the crusher and mining selectivity concerns;
- Inclusion of an allowance for the cost of grade control drilling in the laterites;
- Reduction in capital cost and
- Construction and other development activities will be managed in house by Regis.

Construction and other development activities will be managed in house by Regis as has been the case with several previous successful developments completed by this management team. This approach has contributed to the significant capital cost savings from the April 2009 DFS.

**Price:** 5.53

**Market Cap:** \$2.81 billion

### 1 Year Share Price Graph



### Share Information

**Code:** RRL

**Listing:** ASX

<b>52 week</b>	<b>High</b>	<b>Low</b>
	6.72	2.9

**Sector:** Mining

**Website:** [www.regisresources.com](http://www.regisresources.com)

### Company Synopsis:

*Regis Resources Ltd (ASX:RRL) is a mineral exploration company with significant gold and nickel exploration properties in the Eastern Goldfields of Western Australia.*

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## Risks to Development Timetable

Regis has indicated its ability to secure funding for the development on a timely basis through a mixture of debt and equity raisings will have a significant impact on whether the timetable can be achieved.

A standard condition of any debt financing for the project will be the requirement to grant appropriate security over the assets of the Company. Unfortunately however, the Company is not currently in a position to grant security to a project financier due to the existence of securities in favour of Newmont Mining Finance Pty Ltd, a subsidiary of Newmont Mining Corporation, the Company's largest shareholder (23% interest).

These securities take the form of Mining Act mortgages over the key mining tenements and fixed and floating charges over all of the assets of the Company. The Company has commenced commercial negotiations with Newmont with the objective of releasing the securities to enable the project development timetable to be achieved.

If negotiations are not successfully finalised on a timely basis this will delay the construction of the project (and commencement of gold production) as the board considers it imprudent to commence development without ensuring that the capital cost is fully funded.

Regis has commissioned a review of its legal position in relation to the guarantee including reviewing the historical documentation and agreements (dating back to 1998) relating to the transactions which led to the guarantee being provided by the Company.

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