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30 April 2009

## **Regis Resources Ltd March 2009 Quarterly Report**

### **Duketon development options**

Regis Resources Ltd has issued its March quarterly report detailing the completed Definitive (bankable) Feasibility Study over the Duketon Gold Project in Western Australia. The Duketon Gold Project will be developed into a 145,000 ounce a year gold producer with construction due to start in the third quarter this year.

#### **Duketon project highlights:**

- *Gold production of 145,000 ounces in the first year*
- *Average annual production of 111,000 ounces.*
- *Current mine life of five years – likely to be extended*
- *Project capital (excluding contingency) \$125.3m – based on a new plant*
- *Project capital estimated at \$95m for a second hand plant - Opportunity to reduce capital costs further.*
- *Year 1 cash costs of A\$345/ounce (pre-royalty)*
- *Average life of mine cash costs (pre-royalty) of \$A495/ounce*
- *Gold recovery conservatively modelled at 91.8%.*
- *Construction schedule of 17 months (based on a new plant), reduced to 12 months using an existing plant.*

#### **Duketon Development Options**

##### **Extraordinary General Meeting update**

Regis Resources has conducted extensive studies into the optimal development of the Duketon Gold Project including an initial scoping study and culminating recently with the completion of a Definitive (bankable) Feasibility Study.

As part of the initial scoping study of the Duketon Gold Project, Regis examined a variety of mine development scenarios using alternative ore throughput rates and gold production rates,

including some options substantially smaller than the currently preferred 2.5 million tonnes per annum (tpa) development.

Regis directors are aware that other, smaller-scale, development scenarios for the Duketon Gold Project are being promoted as less costly and with the potential to offer more attractive project economics and lower development risks.

The directors of Regis, in possession of a complete Definitive Feasibility Study and detailed knowledge of the Duketon gold project, believe that the opposite is true.

Regis' financial and technical evaluation of lower throughput development options have shown that below an annual throughput rate of approximately 2.0 million tpa, project economics decline significantly and the financial risk of development and operation of the project increases substantially.

Negative consequences of a small-scale development of the Duketon Gold Project include:

1. The break-up of several oxide and some laterite ore zones into smaller pods at higher cut-off grades that require highly selective mining and consequently have high associated operating costs;
2. Sterilisation of a significant volume of the currently defined laterite and oxide gold reserves (such that these sterilised reserves can not be mined economically in the future at current gold prices); and
3. inability of a small development with a short mine life, low margins and only slightly lower capital costs to justify significant debt finance, necessitating large equity issues to finance the project.

Regis believes that the increased risk of such a development in the current volatile economic climate is not acceptable.

The Regis board's preferred development scale of 2.5 million tpa avoids the problems associated with a smaller scale development.

As an example, economic modelling of the proposed 2.5 million tpa development case indicates net cashflows (after capital investment) over seven times greater than a 1.5 million tpa development scenario. Additionally, an unexpected deterioration in mined gold grades or in metallurgical recovery would have far more serious consequences on a smaller scale development than for the preferred 2.5 million tpa project.

Regis is concerned that the higher risks and negative economic consequences of a small scale project development, which are well known and understood by the board and management, may not have been made clear to all shareholders.

Regis urges all shareholders to closely examine any such small-scale development proposals in your consideration of the forthcoming shareholder vote.

### **ASIC Referral**

ASIC has now informed Regis that it does not intend to take action against the Requisitioning Shareholders.

The Regis Board still has serious concerns regarding the conduct of the Requisitioning Shareholders and accordingly, is intending to seek from ASIC clarification of its decision.

### **Shareholder Presentation**

For further detailed information please refer to a presentation lodged on Regis' website today.

## **Voting Entitlement**

For the purpose of voting at the General Meeting on 4 May 2009, Shares will be taken to be held by the persons who are registered holders at 12.00pm Melbourne time on 2 May 2009 and **not** 7.00 p.m. Melbourne time on 30 April 2009 as stated in the notes accompanying the Notice of Meeting.

## **Duketon Gold Project background**

The Duketon Gold Project consists of nine separate shallow gold deposits, all within trucking distance of a proposed central processing facility at Moolart Well.

Regis acquired 100% and control of the Duketon Gold Project in December 2006. In September 2007 clawback rights held by Newmont Mining expired giving Regis clear ownership in the project. In the 18 months since the expiry of Newmont's clawback rights, Regis has advanced the Duketon Gold Project to the brink of development with the completion of a (bankable) Definitive Feasibility Study received in March 2009. The progression from exploration to completion of the DFS involved an additional 62,000 metres of reserve drilling to define an initial gold reserve of 598,000 ounces. Drilling to extend these reserves is continuing. The Duketon Gold Project is located near Leonora in Western Australia.

## **Regis Resources background**

Regis Resources Ltd is a mineral exploration company with significant gold and nickel exploration properties in the Eastern gold fields of Western Australia.

When it was created in August 2004 through a reconstruction of the former Johnson's Well Mining NL, Regis owned a 20% interest in the Duketon Gold Project, with the remaining 80% held by Newmont Mining. Regis acquired 100% and control of Duketon in December 2006 at which time Newmont became Regis' largest shareholder with a 49% holding.

Newmont Australia managing director, Paul Dowd retired from Newmont and shortly afterwards became a director of Regis. At that time gold resources attributable to Regis stood at 1.35 million ounces. Regis increased its attributable resources to more than 2.24 million ounces of gold over the next six months.

Total resources at the Duketon Gold Project now stand at more than 3.5 million ounces including a proven and probable reserve of 598,000 ounces.

Regis has completed a Definitive Feasibility Study on the Duketon Gold Project and has announced a decision to move into full gold production.

*The technical information contained in this report has been reviewed by Mr. David Walker who is a member of the Australasian Institute of Mining and Metallurgy and has more than 20 years experience in the exploration industry.*

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