



REGIS RESOURCES LTD

McPHILLAMYS GOLD PROJECT

Frequently Asked Questions

FAQs

July 2018

Introduction

The McPhillamys Gold Project (McPhillamys) is a potential gold mine development located in the Kings Plains area of the Central West of NSW.

McPhillamys is owned by Regis Resources Ltd (Regis), a publicly listed company on the Australian Stock Exchange (ASX:RRL), which has a proven record of developing gold resources into producing operations.

If developed, McPhillamys would produce around 150,000 to 200,000 ounces of gold each year in the form of gold doré bars. The McPhillamys processing plant and infrastructure is currently estimated to cost in excess of \$200 million to construct, after which it would operate for at least ten years, creating around 250 direct jobs in the Central West region during that time.

It should be noted that the content of the following FAQs is consistent with the level of project certainty at this time. The Environmental Impact Statement (EIS) phase will enable Regis to gain additional knowledge in relation to many aspects of McPhillamys, which in turn enables further questions raised by the community to be answered.

Project Overview

Q. What is the McPhillamys Gold Project?

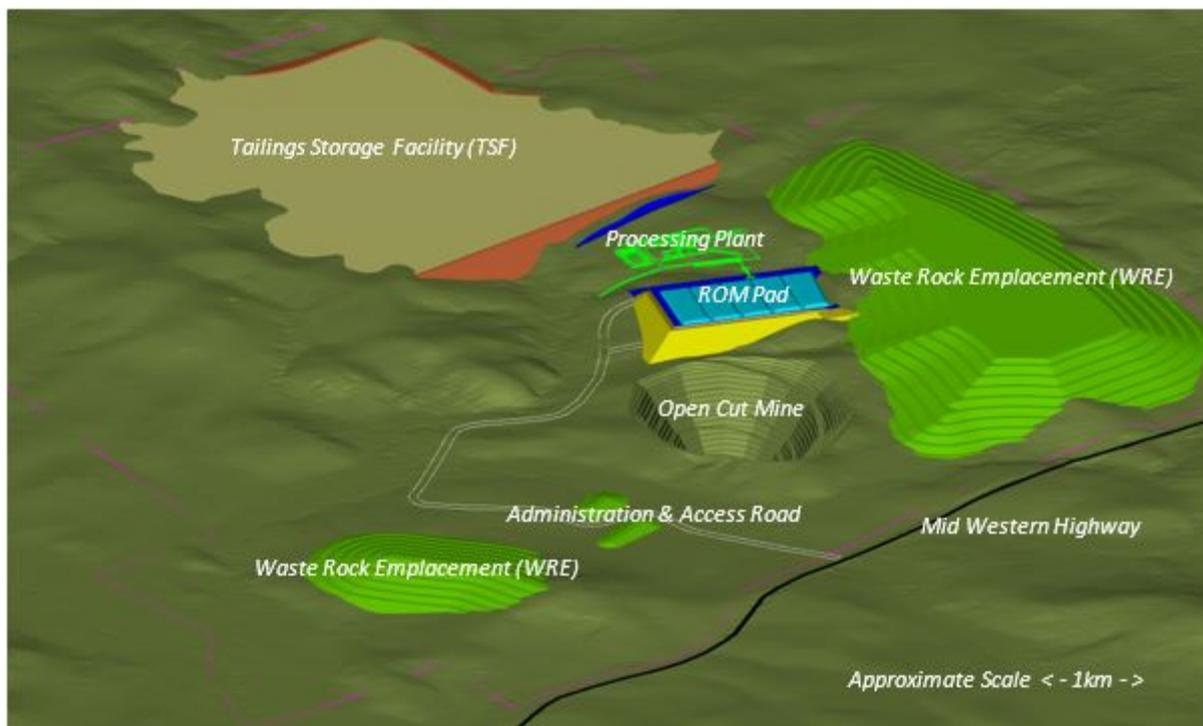
A. The McPhillamys Gold Project is a potential gold mine development located in the Kings Plains area of the Central West of NSW. If developed, McPhillamys would produce around 150,000 to 200,000 ounces of gold each year in the form of gold doré bars. The McPhillamys processing plant and infrastructure is currently estimated to cost in excess of \$200 million to construct, after which it would operate for at least ten years, creating around 250 direct jobs in the Central West region during that time.

Q. What would the McPhillamys Project consist of?

A. McPhillamys would have several key components including; an open cut mine, waste rock emplacements (to stockpile material not containing gold in economic quantities), processing plant, tailings storage facility, water transfer pipeline and water storage dam/s, access roads, administration and maintenance buildings. A more detailed description of these components



can be found in the “Regis Resources McPhillamys Preliminary Environmental Assessment” (PEA). In addition to this, a Conceptual Model is shown below of how the shape of the project area might look after the ten-year operations phase.



Q. When would construction start and when would the operation start?

A. If McPhillamys was to be approved by the second half of 2019, then construction and mine development would take approximately 12 months and operations would commence immediately after that.

Q. How much land would be impacted by McPhillamys?

A. Regis owns in excess of 2,000ha of land, of which approximately 700ha would be used for the placement of infrastructure that is required for the project.

Community Consultation

Q. How will Regis inform the community about McPhillamys?

A. Regis will share information with the community in a number of ways. Regis will have ongoing face to face meetings with the near neighbours of the project. Regis will also hold community information days to enable community members to put any questions they might have about the project to the Regis team.

Further information relating to the project will be provided on the Regis website and Community Information Sheets will be letter-box dropped to near neighbours of the project.

Q. How can I understand what the technical parts of the McPhillamys reports mean?

A. Regis representatives are happy to discuss face to face any technical (or other) aspects relating to the proposal. Alternatively, community members can attend one of the community information days to learn more about the proposal and ask questions.



Q. How will I know when the EIS is going to be submitted and exhibited publicly?

A. *Regis will continue to keep near neighbours to the project informed about the approvals process, and will let them know when the EIS will be submitted. Community Information Sheets will continue to be circulated to keep the communities of Blayney and its surrounds up to date with the progress of the project. Regis will also inform the broader community via announcements and media releases which will be posted on the company's website and the ASX platform. In addition to this, the DPE notify surrounding residents in writing, place advertisements in newspapers and display the project status on their website.*

Q. Can I provide my feedback about the project?

A. *Yes, you can provide your feedback on the development of McPhillamys as part of the EIS assessment phase. The EIS is exhibited after submission for a period of no less than 30 days. This allows anyone to review the document and to express their views on the project, whether positive or negative or to request additional information.*

Q. Do people support or oppose the McPhillamys project?

A. *As you would expect there are people that support the development of McPhillamys for the economic benefit it will bring to the area. There are people that oppose the development because of the impact it may have on their lifestyle. There are also people that are currently neutral, neither support nor oppose the project.*

McPhillamys Operations

Q. How big would the open cut mine be?

A. *The open cut mine would be approximately 800m by 1,200m (approximately 70ha) in area and would reach a depth of approximately 460 metres.*

Q. How many tonnes of ore would McPhillamys process and how much gold would it produce?

A. *McPhillamys would process around 7 million tonnes of ore per annum and would produce between 150,000 and 200,000 ounces of gold per annum.*

Q. How long would McPhillamys be in production?

A. *There would be three main phases; construction and mine development lasting for approximately 1 year, mining and processing operations lasting for approximately 10 years (assuming no additional ore is discovered) and rehabilitation lasting for approximately 3-4 years.*

Q. If further ore is discovered around McPhillamys, would the life of the mine be extended?

A. *Regis would seek to extend the life of the mine if additional ore was identified in the local region, subject to appropriate approvals, which would include a separate application for development consent.*

Q. Would McPhillamys operate 24 hours per day?

A. *Yes, McPhillamys would operate 24 hours per day, 7 days per week, in a similar manner to most other mining operations.*



Q. How often would McPhillamys require blasting activities?

A. *The early months of mining at McPhillamys would require only intermittent blasting as the material near the surface is relatively soft. Once this initial phase has been completed, it is anticipated that a single blast might be undertaken on a daily basis. No night time blasting would take place and traffic movements would not be affected.*

Q. What does blasting involve?

A. *Controlled blasting is used to fragment rock to enable it to be excavated. Blasts would last only a few seconds. Noise from the blast may be heard, along with a short vibration, depending on distance from the blast. The design of each blast would aim to minimise these impacts by orientating the blast direction and applying highly accurate detonating delays within the blast pattern. Blasting operations will be supervised by suitably qualified and experienced blasting specialists.*

Regulatory Framework and Approvals Process

Q. What approvals does Regis need to develop McPhillamys?

A. *To develop McPhillamys, Regis needs a Development Consent issued by the Department of Planning & Environment (DPE). As part of the process to obtain the Development Consent the DPE will issue Secretary's Environmental Assessment Requirements (SEARs) which will outline what needs to be addressed by Regis in their Environmental Impact Statement (EIS). Once the EIS is completed by Regis, it is submitted to the DPE, who then publicly exhibit the document for a period of no less than 30 days. During this time, the public, groups and relevant authorities are able to provide submissions on the proposal. The DPE then requests Regis to respond to any relevant submissions before making a decision on the proposal or referring it to the Independent Planning Commission (IPC).*

Q. Why is McPhillamys designated a State Significant Development?

A. *McPhillamys is a State Significant Development (SSD) as the capital estimate is in excess of \$200 million, which exceeds the \$30 million threshold for a project to be classified as a SSD.*

Q. Does the site layout plan in the PEA match exactly what McPhillamys would look like?

A. *The site layout plan in the PEA reflects Regis' current understanding of how the project will look, based on investigations to date. Further studies will be done as part of the development of the Environmental Impact Statement (EIS), and it is possible that aspects of the site plan may change as a result. However, Regis expects any changes to be minor, and for the overall concept to remain the same.*

Mining and Processing

Q. How would Regis recover the gold from McPhillamys?

A. *McPhillamys would use a process known as carbon in leach (CIL). This process has been successfully and safely used in Australia to recover gold for more than 40 years, including at two major gold mining projects currently operating in NSW.*

In summary, the rock containing the gold is crushed and then water is added and it is ground down to a size of approximately 0.15 mm (slightly finer than beach sand) in the form of a slurry, which is then passed through a series of agitated leach tanks. Oxygen and cyanide are



then used to dissolve the gold in the slurry, from which activated carbon particles (originating from coconut shells and like those used in air and water filters) recover the gold cyanide. The activated carbon particles are then separated from the slurry and the gold is removed and smelted into gold doré bars.

Q. Why is it necessary to use cyanide to recover the gold?

A. *Gold can be extracted in various ways, but as gold ores differ greatly, the extraction method needs to be tailored for the deposit in question.*

A wide range of metallurgical tests that characterise the ore and establish the processing steps have been completed for McPhillamys. The use of CIL processing, which uses cyanide to dissolve the gold, has been chosen, as it provides a robust and metallurgically efficient process to achieve the requirements for the project. Cyanide is the most widely used reagent for recovering gold and in particular for low grade, gold only deposits such as McPhillamys.

Alternative gold extraction methods which do not use cyanide, such as gravity or flotation, and which produce a bulk concentrate requiring transport, are not viable for the McPhillamys ore, due to the low gold recoveries that result from these processing methods.

Q. What is cyanide?

A. *Cyanide is a simple ion of carbon and nitrogen which is produced naturally in the environment by various bacteria, fungi and numerous species of plants including beans (chickpeas and lima), fruits (seeds and pits of apple, cherry, pear, apricot, peach and plum), almond and cashew nuts, vegetables of the cabbage family, grains (alfalfa and sorghum), roots (cassava, potato, radish and turnip), white clover and young bamboo shoots. Incomplete combustion during bush fires is believed to be a major environmental source of cyanide.*

Once released in the environment, the reactivity of cyanide provides numerous pathways for its rapid degradation. The toxicity to humans is dependent on the nature and the concentration of the exposure. Despite its potential toxicity at elevated concentrations, cyanide is produced in the human body and exhaled in extremely low concentrations with each breath. There is no evidence that chronic cyanide exposure has any teratogenic (birth), mutagenic (genetic damage) or carcinogenic (cancer causing) effects.

In addition to natural cyanide, approximately 1.1 million tonnes of hydrogen cyanide is manufactured each year, with approximately 6% used to produce reagents for gold and silver processing. The remaining 94% is used in industrial applications including production of plastics, adhesives, fire retardants, cosmetics, pharmaceuticals, food processing and as an anti-caking additive for table salt and road salt. Cyanide is manufactured and distributed in a variety of physical and chemical forms, including solid pellets (briquettes), flake cyanide and liquid cyanide.

Q. How would the cyanide be transported and stored on site?

A. *The most likely source of cyanide for McPhillamys is solid sodium cyanide in the form of small briquettes (or pellets), which are transported in purpose built isotainers. These isotainers are currently transported across Australia by rail and / or road on a daily basis and have to date had no incidents involving spills.*



The cyanide is removed from the isotainer on site at an engineered cyanide storage facility. The delivery procedure involves water being pumped into the isotainer where it dissolves the solid cyanide pellets. Once the cyanide has dissolved into the solution, it is pumped into the site storage tanks, which are located in a secure facility equipped with monitoring instrumentation.



Q. How often would cyanide be delivered to site?

A. Cyanide would be transported to site via isotainers, three to four times per week.

Q. How is cyanide used on site?

A. Cyanide leaching occurs after the physical processes of crushing and milling the ore into a slurry.

The pH of the slurry is raised to between 9 and 10 by adding lime prior to the leaching process to ensure that cyanide ions are available for gold leaching and not potentially changed into cyanide gas (HCN).

The leaching process is carried out in a number of large agitated leach tanks located in a concreted bunded area.

Cyanide, in the form of a dilute sodium cyanide solution, is pumped from the cyanide storage tanks into the slurry contained in the CIL leach tanks at a regulated rate. The concentration of free cyanide in the leach tanks is typically in the range 0.015% to 0.050% (150 to 500 parts per million).

Q. What happens to the cyanide after the gold is recovered?

A. The most toxic form of cyanide is free cyanide, which includes the cyanide ion and hydrogen cyanide. In addition to free cyanide, certain metals (e.g. copper, zinc) can form cyanide complexes described as weak acid dissociable (WAD) cyanide during the CIL process. Although WAD cyanide complexes are by themselves much less toxic than free cyanide, at lower pH (acid conditions), their dissociation can release free cyanide (as well as the metal ion), which can be toxic.

The cyanide in the slurry exiting the CIL process is very dilute at a level of typically less than 0.015% (150 parts per million). The slurry containing the dilute cyanide is detoxified using what is known as the INCO process so that the free cyanide is completely destroyed and the weak acid dissociable (WAD) cyanide is less than 30 parts per million. This level is well below the internationally accepted WAD cyanide concentration level of 50 parts per million at which bird life are considered safe.

The detoxified slurry (tailings) is then pumped to the tailings storage facility.



Q. Would Regis processing personnel be trained in the safe use of cyanide?

A. *Yes. All personnel on site who are required to work with cyanide are trained in its safe use. This training includes instruction on what forms of cyanide are potentially hazardous to them, and what measures are put in place during the transport, storage and distribution of cyanide to ensure its safe use. Personnel are also trained in the use of breathing apparatus and cyanide monitoring equipment (which is able to detect potentially hazardous cyanide gas levels) in the unlikely event that elevated cyanide gas levels occur at the processing plant.*

Tailings Storage Facility

Q. What are tailings and how are they stored?

A. *Tailings result from the gold recovery process, which crushes and grinds the rock containing gold down to a fine sand. Tailings are pumped from the processing plant and are stored in the Tailings Storage Facility (TSF). The TSF is an engineered storage dam with a water recovery system that would be rehabilitated in a similar manner to the remainder of the site.*

Q. How big is the tailings storage facility (TSF)?

A. *The TSF will have a surface area of approximately 260ha.*

Q. How would Regis ensure that the tailings storage facility (TSF) does not fail?

A. *Regis acknowledges that the integrity of the construction of the TSF is a very important aspect for McPhillamys. The proposed TSF would be designed and constructed to a standard that satisfies the NSW Dam Safety Act, as is the case for all major dams. In the case of McPhillamys, the outer surface of the final dam wall will have a low slope angle so that it can be rehabilitated early in the mine life. In order to achieve this, the volume of material in the dam wall would be substantially greater than would be normally required. During operations, the TSF would be operated in accordance with strict design requirements and inspected several times per day.*

Infrastructure

Q. How much water and power does McPhillamys need?

A. *McPhillamys would use approximately 13 megalitres per day of water and would require a power supply of approximately 18 megawatts.*

Q. Where would the water required for McPhillamys come from?

A. *Regis has two options for the supply of water to the project. Both options require the construction of an approximately 80km long pipeline, although only one of the two options would be required for McPhillamys. The first option sources water from the Springvale area near Lithgow where there is a surplus of water from the operations owned by Centennial Coal and Energy Australia. The second option sources water from ground water licences in the Upper Lachlan Alluvium (Zone 2) near Cowra where there is surplus ground water licences. As a result, the impact of the project on local surface and ground water is minimal.*

Q. Where would the power required for McPhillamys come from?

A. *Two power lines currently provide power to Blayney and its surrounds, one from Orange and one from Bathurst. Under normal conditions, one operates whilst the other remains on standby and is only connected if a fault occurs. Regis would connect to the power line from Bathurst leaving the power line from Orange to supply Blayney and its surrounds. Should a fault occur*



on the supply from Orange to Blayney and its surrounds, then the Bathurst power line would be reconnected as is the case now. If there was not enough capacity on that power line to provide McPhillamys and Blayney and its surrounds, then McPhillamys would shed power to ensure that Blayney and its surrounds continues to have power supplied to it.

Q. Where would the road access to McPhillamys be?

A. It is proposed that the road access point for McPhillamys would be from the Mid-Western Highway near the western end of Walkom Road. This road would head north from the Mid-Western Highway and then veer to the west around the base of Sturgeon Hill to the site administration building.

Q. Would the infrastructure at McPhillamys be designed to withstand seismic events?

A. The design of all parts of McPhillamys would take into account potential seismic activity to ensure that they are capable of withstanding seismic events.

Potential Impacts of the Project

Q. How much extra traffic would McPhillamys generate during both construction and operation phases?

A. A detailed traffic assessment will form part of the EIS. However for the Mid Western Highway during the operations phase, preliminary estimates indicate that McPhillamys would add approximately 234 light vehicle (car) movements per day to the current estimate of 2,347 light vehicle movements. With respect to heavy vehicles (trucks), McPhillamys would add approximately 8 heavy vehicle movements per day to the current estimate of 532 heavy vehicle movements.

Q. What would happen to traffic levels on Dungeon Road and Guyong Road?

A. It is proposed that the middle section of Dungeon Road be closed or realigned during the construction and operation of McPhillamys. The decision on closure or realignment would ultimately be made by Councils. Employees would be encouraged to utilise the main access routes from Blayney, Orange and Bathurst, avoiding Guyong Road, unless they live near or on Guyong Road.

Q. Would McPhillamys be as large an operation as Cadia?

A. The Cadia operations are considerably larger in size than the proposal for McPhillamys. By comparison, Cadia processes approximately 27 to 30 million tonnes of ore per annum, whilst McPhillamys would process around 7 million tonnes per annum. However, the Cadia open cut mine is only marginally larger in size to what McPhillamys would be at the end of its proposed mine life.

Q. What impacts would the mine have on near neighbours?

A. The EIS will assess in detail the potential impacts that McPhillamys would have on its near neighbours throughout the construction, mine development and operations phases. Without the use of artificial control measures (eg use of hay bales during the drilling phase), it is anticipated that at the very least, noise and visual impacts could occur in the early stages of the project when amenity bunds are being formed and established.



Q. What are ‘amenity bunds’?

A. *An amenity bund is simply a stockpile of material that is established in order to protect the community from impacts (such as noise and visual) that occur behind the amenity bund. The amenity bund would be rehabilitated as soon as practicable so that it mirrors as best as possible the surrounding landform.*

Q. Is the material from McPhillamys safe to stockpile?

A. *Yes, material will be safely stockpiled on site. The material from the open cut mine at McPhillamys can be classified into two main types. The first is benign (or neutral) material, known as non-acid forming (NAF) material that has no long-term impact on the surrounding environment. The second is what is referred to as ‘potentially acid forming’ (PAF) material that, as its name suggests, could become acidic if it is exposed to the environment. The PAF material makes up a smaller percentage (~20%-25%) of the deposit and would be encapsulated inside the NAF material in the waste rock emplacements so that it would have no long-term impact on the surrounding environment.*

Q. How would Regis monitor dust (air quality)?

A. *Regis has monitored dust levels for more than two years at McPhillamys, in order to gain knowledge of the current dust levels. As part of the EIS, dust modelling will occur to understand potential impacts on air quality in the local area.*

Q. How would Regis minimise dust?

A. *Regis would minimise the potential for any air quality dust related impacts by using water carts and irrigation sprays to manage traffic-generated and wind-blown dust. Regis would shape, topsoil and rehabilitate disturbed areas as soon as practicable. They would equip sections of the crushing and screening circuit with the potential to emit dust with dust suppression measures and ensure that the surface of the tailing storage facility is, to the extent practicable, maintained in a damp state to limit the potential for dust emissions.*

Q. What if my water bore is impacted by McPhillamys?

A. *Extensive groundwater modelling is in progress to confirm that local bores would not be affected by McPhillamys. However, should McPhillamys cause an impact to a local water bore, then Regis would ensure that the original water bore supply quantity is made available.*

Rehabilitation Process

Q. How would Regis rehabilitate the areas that they impact?

A. *Before any mining or construction takes place, all impacted areas are stripped of the topsoil, which is then stockpiled in designated areas. Once the particular area is no longer going to be impacted, the area is contoured to mirror as best as is practicable the surrounding landform and then the stockpiled topsoil is replaced and seeded as necessary to complete the rehabilitation process.*

McPhillamys in 2013

Photo of Stage I eastern drill sites prepared for resource drilling program.



McPhillamys in 2014

Photo of Stage I eastern drill sites after rehabilitation.



Q. What guarantee exists that rehabilitation will be completed?

A. *Prior to any mining activity taking place an assessment is made by the regulator as to how much it would cost at each stage of the project to rehabilitate the site in the event that Regis does not fulfil its obligations. This amount of money is then required to be deposited by Regis in the form of a 'bond', so that the regulator has the funds to complete the rehabilitation process on behalf of the State should that be necessary.*

Q. What happens when mining is completed at McPhillamys

A. *A 'closure plan' is required to be developed as part of the EIS. This would involve rehabilitating all the waste rock emplacements, the tailings storage facility, the processing plant site and any other impacted areas. With the exception of the open cut mine, which would remain as a void, all other areas are returned to a landform not dissimilar to what is currently there. This rehabilitation process can take several years after the mine has finished.*



Employment Opportunities and Economic Benefits

Q. How many people would be employed at McPhillamys?

A. *If the development of McPhillamys is approved, then there would be approximately 200 direct jobs during the construction phase, which is expected to take around 12 months, and approximately 250 direct jobs in the operations phase, which would last for around 10 years, or longer if additional commercially viable gold ore was found in the area. The Central West has a significant workforce including a significant number with mining experience and it is anticipated that most employees would be sourced from the Central West region. In addition to this, it is anticipated that approximately 750 indirect jobs might be created in the Central West region as a result of McPhillamys.*

Q. Where would the employees for McPhillamys live?

A. *It is proposed that around 90% of the workforce would be employed locally from the Central West region. The remaining 10% may require skillsets potentially not available locally at the time. These people would still need to live in the area and so there may be a small demand for additional housing, although the need and quantity of this would be assessed as part of the EIS.*

Q. What economic benefits to the local region would result from McPhillamys?

A. *During the construction and operations phase it is anticipated that approximately 50% of the total spend would be in the local region. In dollar terms this represents more than \$100 million during the 12-month construction phase and approximately \$80 million per annum during the ten years of operation for a total amount in excess of \$900 million in the local region.*

About Regis Resources

Q. Who is Regis Resources Ltd (Regis)?

A. *Regis Resources Limited (ASX: RRL) is a publicly listed Perth based gold production and exploration company with a proven management team that has a successful track record of developing gold resources into safe, environmentally responsible gold operations. Regis' current Duketon operations are located approximately 130km north of Laverton in Western Australia and include the 100% owned and operated Moolart Well, Rosemont and Garden Well gold mines, which produce approximately 360,000 ounces of gold per annum.*

Q. Why is Regis the right company to develop McPhillamys?

A. *Regis' management team have a wealth of experience in developing gold projects across Australia and internationally. Regis' management are committed to maintaining high safety standards and effective environmental management of all of its activities and will continue to maintain a high level of community and stakeholder engagement.*

Q. How long has Regis owned McPhillamys?

A. *Regis acquired McPhillamys in late 2012 from Newmont Exploration Pty Ltd and Alkane Resources Ltd, referred to as the Newmont Alkane JV. Since acquiring the project, Regis has completed extensive environmental baseline assessments of the project area and two drilling programs to confirm the integrity of the gold resource.*



Q. Who is LFB Resources NL?

A. LFB Resources is a 100% owned subsidiary of Regis which holds the exploration licences and project land.

Other

Q. What is gold used for?

A. Gold is used for currency, jewellery and increasingly in the production of medical and electrical equipment such as TVs, computers, DVDs, mobile phones and space satellites. NSW is currently Australia's second largest gold producing state, with significant production coming from a number of mining operations in the State's Central West.

Q. How can I apply for a job at McPhillamys?

A. If McPhillamys was approved for development, then Regis would commence employing various numbers of people in different positions over the following twelve or so months in preparation for the operations phase. Some of these positions would require personnel to have specialist skills, for example, tradespersons, whilst some of the other positions could be filled by persons with no previous mining experience, rather a willingness to undergo the appropriate training in how to perform the duties, or operate the relevant equipment that they would be assigned to, in accordance with Regis' safety and environment systems and culture.

So if McPhillamys is approved and you are wanting to apply for a job, then you should contact the Regis Blayney office at that time. It would also be recommended that you attend the community information days if possible when they are held to discuss what types of jobs might be available at the project that suit you and what skills might be required.

Q. How can I provide goods and / or services to McPhillamys?

A. If McPhillamys was approved to be developed, then Regis would be requiring goods and services for the construction and operations phases of the project. If you think that your business might be a suitable provider for goods and / or services, then you should contact the Regis Blayney office. Regis would, wherever possible, classify local providers as 'preferred suppliers'.