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30 July 2014

Manager Announcements  
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## **Asset Impairment**

The board of Regis Resources Ltd advises that it has conducted a preliminary review of the carrying value of non-current assets as at 30 June 2014. This review is ongoing and will be completed in conjunction with the audit of the Company's annual financial statements due for completion in September 2014.

Whilst no final decision has been made, the board believes it is likely that an impairment charge in the range of \$230 - \$280 million (pre-tax) will result. An overview of the expected impairment charge is as follows:

### **Garden Well and Rosemont**

An impairment charge is expected in the order of \$150 - \$190 million (pre-tax) in relation to the Garden Well and Rosemont operations. The bulk of this amount relates to open pit pre-strip mining, deferred waste mining and preproduction costs. The impairment of these assets is consistent with the outlook for these operations as provided in the 2015 guidance announced to ASX on 23 May 2014.

### **McPhillamys Gold Project (NSW)**

An impairment charge is expected in the order of \$60 - \$65 million (pre-tax) in relation to the McPhillamys Gold Project in New South Wales. Regis completed the acquisition of the McPhillamys project in October 2012 by the issue of 35.7 million shares in Regis to the vendors. This saw the exploration asset at the project carried at a value of \$157 million.

The board has reviewed its strategy for the project given a fall in the A\$ gold price of in excess of 20% since acquisition. This review incorporated accumulated knowledge of geological, operating and infrastructure parameters, including an assessment of the current progress towards securing a long term source of process water.

Whilst this review suggests that the project remains viable at the current gold price (if infrastructure requirement issues can be solved) the board has decided that the potential return on investment does not meet its hurdle rate at the current time. Accordingly the Company does not anticipate progressing to a feasibility study process in the near term.

The Company will however continue to undertake cost effective work on the project, with a view to being in the best possible position to expedite development if and when circumstances permit. The board believes that the significant gold resource at McPhillamys will deliver real value for shareholders at some time in the future and remains an important project in the Company's portfolio.

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## Duketon Regional Exploration

An impairment charge is expected in the order of \$20 - \$25 million (pre-tax) in relation to regional exploration expenditure at the Duketon project. This expenditure relates largely to ongoing greenfields exploration programmes completed over a number of years. The impairment reflects the Company's current strategy of focussing the bulk of the exploration effort at Duketon on bringing projects with known resources in to the mine plan for treatment at either the Garden Well or Moolart Well processing plants.

## Implications of Impairment

The board advises that the expected impairment charge will have no cash flow consequences and no effect on any covenants in the Company's debt facility. The Company's focus continues to be improving the operating performance at the Duketon gold business with a view to maximising profitability and cash flow generation.

Yours sincerely

**Regis Resources Limited**



Mark Clark  
Managing Director