

ASX Announcement

3 April 2024

ASX:RRL

Update on McPhillamys Gold Project Definitive Feasibility Study

Regis Resources Limited (ASX: RRL) (**Regis**) provides the following update in respect of its McPhillamys Gold Project (**Project**) in New South Wales.

Substantial progress has been made towards completion of the Definitive Feasibility Study (**DFS**) for the Project. As the DFS has progressed, it has now become apparent that the previously indicated development costs will be higher than anticipated and communicated.

The last detailed announcement on the Project was the Preliminary Feasibility Study on 8 September 2017 (**PFS**). This was based on cost estimate assumptions which are clearly well out of date. As noted in subsequent market updates, it has been anticipated that the DFS would include increased capital and operating cost estimates. Regis notes also that resource market analysts' have a range of capital development estimates between \$550M - \$650M. These increases reflect not only the global industry-wide inflationary environment and the passage of time but also, amongst other factors, the project development requirements emanating from the results of the NSW planning approvals process.

With this background Regis considers that in light of the material pressures on costs and the degree of confidence achieved from work completed to date, it is appropriate to provide an update on the estimated costs of key elements of the project.

Current indicative cost ranges are as follows in Table 1 below:

Area	Cost Range
Bulk earthworks, TSF & surface water management, and infrastructure	\$210M - \$220M
Process Plant	\$370M - \$400M
Pipeline	\$160M - \$165M
Indirect costs & Contingency	\$105M - \$115M
Total Construction Costs	\$845M - \$900M
Pre-Production Costs	\$115M - \$155M
Life of Mine average All In Sustaining Costs	\$1,600/oz - \$1,800/oz

Table 1 Preliminary indicative DFS cost ranges

The key project components underlying the above estimates are:

Initial Construction Capital

- ~7Mtpa process plant delivering ~88% recovery from
 - Three stage crushing including HPGR
 - 6.9MW ball mill
 - Whole of ore leach @ 45µm with two 3.4MW vertical mills
 - Conventional CIL leach tanks and associated equipment
- Tailings Storage Facility – Stage 1
- 90km water supply pipeline
- All associated infrastructure including power, offices, workshops

- All initial permitting related costs including biodiversity offset liability, water licences, State voluntary planning agreement contributions and rates
- 2 years construction period

In addition to the significant industry-wide inflationary pressures noted earlier the project has seen considerable cost increases through scope changes including:

- General site layout required as part of the extensive permitting approval process. This has increased costs associated with site water management dams and facilities well above the initial scope considered;
- high voltage power is now required to be drawn from alternative regional power infrastructure ~14kms to the north as the local power infrastructure has insufficient available capacity;
- more detailed construction planning has increased the water pipeline construction costs; and,
- process flow sheet and plant design changes to a whole of ore leach process following confirmatory test work has driven the need for significant change. While this increased the plant capital costs it delivers the dual benefit of increasing expected gold recoveries to ~88% from the previously assumed 85% in the PFS as well as significantly improving the confidence of delivery.

Pre-Production

Finalisation of pre-production costs is still in progress. Regis is assessing the cost/benefit trade-off between the alternatives around early mill feed quality options and the associated mining expenditure in the initial ramp up phase. As a result, the current cost estimate for pre-production is in a wide range of \$115M - \$155M. This is expected to be narrowed upon completion of the DFS.

Life of Mine Operations

- The indicated LOM average AISC range of \$1,600/oz - \$1,800/oz is based on:
 - ~61Mt of ore at 1.0 g/t¹
 - Average mining rate for first 6 years at 36Mt per annum (ore and waste)
 - LOM strip at a ratio of 3.8:1
 - Mining cost of ~\$24/t ore
 - Milling cost of ~\$17/t ore
 - Administration, royalties, sustaining capital and other of ~\$7/t ore

Permits and Approvals

Regis notes the Section 10 (Aboriginal Torres Strait Islander Heritage Protection Act 1984 Cth) application is still being considered by the Commonwealth government and Regis anticipates resolution within the coming months.

The recent project value and construction cost optimisation work undertaken, along with the scope changes required to meet elements of the NSW permitting approval conditions, has resulted in changes to the original planning approval permit. As part of this process Regis is assembling the information necessary to make an application for a modification to the current NSW State Significant Development approval. Modifications to existing approvals are common in New South Wales as designs are refined and improvements incorporated into projects. While this has the potential to be time consuming, it is not considered contentious.

Timing for Completion of DFS and Final Investment Decision (FID)

Regis' project team along with technical specialists continue to review opportunities to optimise the project's key capital items and explore alternative development and operational efficiencies. Regis now expects the DFS to be completed around the end of FY24. The application for a modification to the approval conditions is currently estimated to take seven to ten months. Subject to further optimisation, Regis expects to be in a position to consider FID once these modification approvals have been received. As part of the FID process the Board will consider the results of the DFS (and

¹ ASX Announcement – Annual Mineral Resource and Ore Reserve Statement 20 June 2023. Based on 100% Reserves.

subsequent optimisations and capital saving initiatives) as well as the gold price outlook, available funding and estimated return on investment.

Comment

Regis Managing Director Jim Beyer said:

“The general cost inflation seen globally for construction and permitting required scope increases have clearly escalated costs for McPhillamys.

The Regis value growth strategy is to continue to build as a profitable and sustainable mid-tier gold company including prudent capital allocation and generating attractive returns for our shareholders.

We are taking the necessary time to reduce, as far as we can, the capital required to bring McPhillamys into production through value engineering optimisation. McPhillamys is a key part of Regis’ future growth and remains an attractive gold project that, at current gold prices and under our current All in Sustaining Cost assumptions, delivers strong margins with clear upside potential via this rising gold price environment and with mine-life extension opportunities that go well beyond the current plans.”

For further information please contact:

Investor Relations Enquiries:

Jeff Sansom
Head of Investor Relations and External Affairs
T: +61 473 089 856
E: JSansom@regisresources.com

Media Enquiries:

Shane Murphy
FTI Consulting
T: +61 420 945 291
E: shane.murphy@fticonsulting.com

This announcement is authorised for release by Jim Beyer, Managing Director and CEO.