

# Regis Resources Limited (RRL)



## Growth Portfolio

**Overview:** Regis Resources Limited ("Regis", "the Company") is an Australian resource company focused on gold mining. The Company's primary asset is the Duketon Project, located near Laverton in WA, which is projected to produce 335-365k ounces of gold in FY18. The Company has a JORC compliant Ore Reserve estimate of 59.3mt at 1.14g/t for 2.18m ounces of gold and Mineral Resources totalling 8.05m ounces. The Company also owns the McPhillamy Project in NSW and exploration licenses in WA and NSW.

START UP

GROWTH

MATURITY

**Catalysts:** Regis' Duketon Project has compelling economics in the current price environment and the Company is well positioned to generate positive operating cashflow. Management targets a 2.5-12.5% increase in gold production with cash costs at the lower end of the industry average. Regis is well funded with over \$150 million in cash and gold on hand allowing the company to weather short-term price volatility.

**Hurdles:** While Regis has a track record of meeting or exceeding its guidance, there is no guarantee that the projected production target can be achieved at a reasonable cost. Gold prices have fluctuated significantly in the past five years and ongoing price volatility could impair the company's financial performance.

**Investment View:** Regis offers profitable exposure to gold industry trends. We are attracted to the Company's current production profile, track record, magnitude of assets and balance sheet. Risks include mining execution and the volatile gold price. The Company has organically grown its Duketon project through strategic exploration of adjacent mining tenements, which has improved the project economics while a strong balance sheet allows for ongoing improvement works. Despite a two year price recovery, gold prices remain ~30% below the cyclical peak and we believe Regis is well positioned to create shareholder value and benefit from any further price recovery. We initiate coverage with a 'buy' recommendation.

### CHECKLIST

MANAGEMENT	Strong track record of value creation	✓
FINANCIALS	Strong balance sheet, positive operating cashflow	✓
CATALYSTS	Organic growth, surplus cash generation	✓
SHARE REGISTER	Cornerstone investors Van Eck Associates	✓
STOCK PRICE	Recovering; medium-term uptrend	✓

8 August 2017

Price: \$3.90

BUY

Stop: \$3.00

Target: \$5.90

### CORPORATE SUMMARY

TICKER	RRL.ASX
INDUSTRY	Metals & Mining
SHARES ON ISSUE	501m
OTHER SECURITIES	11.2m Options exc. \$1.55-\$3.90 0.4m 2016 Performance Rights
MARKET CAP	\$1.97bn
NET CASH	\$151m
ISSUED CAPITAL	\$431.4m

### ASSET OVERVIEW

TITLE	Duketon, McPhillamy
LOCATION	WA, NSW
STATUS	Production
RESOURCE	8.05 Moz Au
RESERVE	2.18 Moz Au

### BOARD OF DIRECTORS

CHAIRMAN	Mark Clark
COO & EXEC DIRECTOR	Paul Thomas

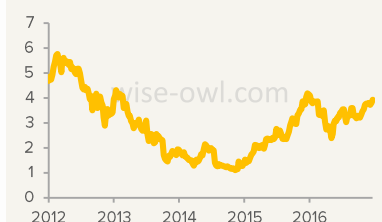
### TRACK RECORD

VALUE CREATION	Strong
OPERATIONS	Strong
CAPITAL MARKETS	Strong

### SHAREHOLDERS

VAN ECK ASSOCIATES	16.4%
VINVA INVESTMENT	5%
TOP 20	86.4%

### SHARE PRICE



8 August 2017

## GLOSSARY

<b>Buy</b>	Increasing value of established business operations is likely to yield share price appreciation
<b>Spec Buy</b>	Increasing value of a new or developing business operation is likely to yield share price appreciation.
<b>Hold</b>	There exists an even balance of risks.
<b>Sell</b>	There is elevated risk of share price depreciation
<b>Stop</b>	Our recommended, pre determined sell price, to be executed if the share price fails to appreciate
<b>Start Up</b>	The earliest phase of a company's life cycle, and typically the most risky as new ventures are tested in the market place. These businesses are usually reliant on external capital to fund day to day operations.
<b>Growth</b>	Refers to companies that are seeking to expand their presence after achieving a degree of market success. External capital may be required to fund their expansion.
<b>Maturity</b>	Refers to companies that are well established in their market place with little to no external capital requirements.

## ARCHIVES – GROWTH PORTFOLIO

FLEETWOOD	JUL – 17
CROWD MOBILE	JUN – 17
ADACEL TECHNOLOGIES	MAY – 17
COLLABORATE CORP	APR - 17
MYER HODINGS	MAR - 16
GALE PACIIC	FEB - 16

## ANALYST

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## ABOUT US

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