

20 February 2014

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## Impact of Weather Event on Duketon Operations

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MACA Limited ('MACA') (ASX: MLD) advises that the Duketon region, which hosts the Regis Resources ('Regis') (ASX: RRL) Moolart Well, Garden Well and Rosemont projects, has experienced a significant weather event, with approximately 165mm of rainfall (including 130mm within a 14 hour period) occurring between the evening of Tuesday 11 February and the morning of Thursday 13 February 2014. The rainfall resulted in extensive flooding with two of the three projects, being Garden Well and Rosemont, being impacted.

As a consequence of this event, Regis has issued MACA with a notice of force majeure with respect to the Garden Well and Rosemont mining contracts and mining operations have been suspended on these two projects. Operations at Moolart Well were not significantly impacted and are continuing under the agreed contractual terms.

MACA has acted proactively to reduce its costs during the period of force majeure and has worked closely with Regis to minimise the impact on both parties. Consequently, MACA and Regis have agreed the following:

- 'Interim operations' will recommence as soon as it is safe and practical to do so (expected to be 4 to 6 weeks) in open pit areas of the Rosemont and Garden Well projects which were not significantly affected. Interim operations will run until a return to full activities is possible (estimated to be by May 2014 for Rosemont and by July 2014 for Garden Well). During the period of interim operations, MACA will charge Regis at normal contracted rates, notwithstanding material movement will be slightly less than during full operations;
- MACA will grant extended payment terms to Regis during the period of force majeure (an additional 90 days) and interim operations (an additional 30 days). This has been agreed to assist with funding of the interim operations, thereby allowing MACA to return its equipment and personnel resources to work as soon as possible. Payments to return to normal 30 day terms once full mining operations have resumed at both Garden Well and Rosemont;
- MACA to bear its own costs during the period of force majeure although it will receive some revenue for dayworks associated with remedial bunding and other works;

**About MACA:** MACA Limited is a mining and civil contractor with major projects throughout Western Australia and South Australia.

Employing more than 1200 people, MACA offers a full range of surface mining and crushing services, and civil infrastructure services

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- Regis has agreed to enter into a Memorandum of Understanding with MACA to award MACA the mandate to provide mining cost estimates for earthmoving at the McPhillamys Gold Project in NSW for feasibility study purposes, if and when the project moves to feasibility study stage. In the event that, in due course, the project is developed as a mining operation, and based on the excellent, longstanding working relationship between the parties, MACA would be Regis' preferred mining contractor (subject to competitive pricing and proven capability at the time).

The relationship between MACA and Regis is such that the parties have been able to act quickly to achieve an outcome that enables both companies to move forward with a reduced and relatively short term impact. The Regis Resources Duketon operations are comprised of long life low operating cost projects and Regis is a large mining company with a highly regarded and respected management team.

Personnel of both MACA and Regis are to be commended on the manner in which they were able to secure the safety of personnel and equipment. There were no injuries to personnel and only minor equipment damage was sustained.

## **Financial Outlook**

Despite the impact of the weather event, MACA reaffirms its revenue guidance of >\$550 million for the current financial year ended 30 June 2014. However, naturally, second half margins will be adversely impacted.

MACA notes that if not for the unusual weather event, it would have been in a position to announce a revenue upgrade to the market with respect to the full financial period ended 30 June 2014, with profit margins in line with FY2013 levels, and further notes that MACA does not expect that this weather event will have any impact on FY2015 earnings.

MACA intends to release its half year FY2014 results to the market on Friday 21 February 2014. Additional commentary regarding the financial outlook will be specified in that release.

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