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# TRADING

## Regis breaks free and is worth a king's ransom

TECHNICAL ANALYSIS  
ROD MYER



SOMETIMES a stock can be in the doghouse for a long time but then reverse its form, giving quick investors a way to get a leg-up even in difficult markets such as we are now experiencing.

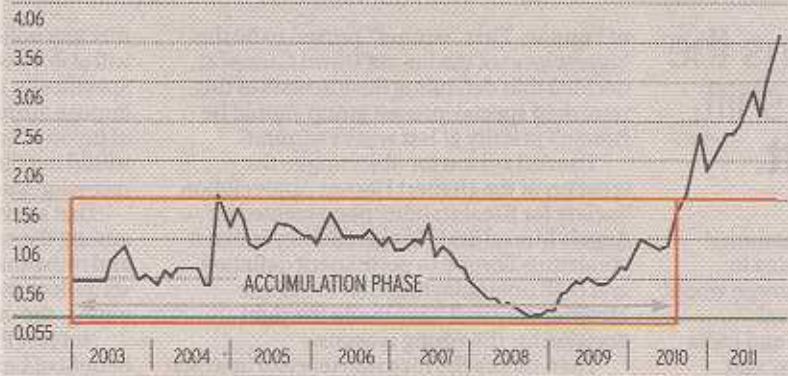
In our final Technical Analysis column for 2011, Rob Shelley, a director of Total Trading Concepts and a councillor with the Australian Technical Analysts Association, draws our attention to what may be such a stock: Regis Resources. Regis, a gold producer and explorer with a market capitalisation of

\$1.5 billion, has spent most of the past eight years in what Shelley describes as an "accumulation phase".

The stock was trading in a range between 60¢ and \$1.60, with sellers appearing to keep the price down whenever it neared the top of that range. Then mid last year Regis went through what had been its upper resistance line at \$1.60 and has continued to climb to its current level of around \$3.60, despite the rest of the market falling in that time.

Shelley says recent rises confirm that the stock is in a strong uptrend and has made price gains of 600 per cent since early 2009. However, in the short term investors could expect some weakness due to high trading volumes in recent times. This

### REGIS RESOURCES LTD



may indicate that some investors are taking profits, he says. However, in the longer term there could be continued strength, he says.

On the fundamental side, Regis is also eliciting some promising signs. Its earnings

per share (EPS) have been growing for three years and for the next two years EPS is forecast to grow by 250 per cent. Return on equity is above average, at 25 per cent, and dividends are expected to be paid from 2013.

The company focuses its efforts on the Duketon region about 600 kilometres north of Kalgoorlie. There it has 387 leases granted over 2030 square kilometres of ground. Its three main deposits are known as Moolart Well, Garden Well and Erlistoun.

In the past year or so Moolart Well has gone into production, and proven and probable gold reserves have increased. The company expects most of its development to be funded from cash flow.

This column should not be read as investment advice. Those wishing to commit money to the market should seek professional counsel and do some research.

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