REGIS RESOURCES LTD
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20 February 2018

Manager Announcements
Company Announcements Office
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
Sydney NSW 2000

Financial Results and Interim Dividend Declaration for the Half Year Ended 31 December 2017

The board of Regis Resources Limited is pleased to announce a record half year net profit after tax of $84.6 million for the six months ended 31 December 2017 (H1 FY18). This represents a 39% increase to the $61.0 million net profit after tax reported in the first half of FY2017 (H1 FY17).

Key financial highlights for the half-year include:

- **Net profit after tax of $84.6 million, up 39% from H1 FY17. Earnings per share increased by 42% to 17.29 cents per share.**

- Revenue up 18% from H1 FY17 to $299.0 million with 183,846 ounces of gold sold at average price of $1,641 per ounce.

- EBITDA of $153.1 million up 35% from H1 FY17 and a very strong EBITDA margin of 51% (H1 FY17: 45%).

- Cash and bullion (including bullion on hand classified as inventory) of $172.0 million*, an increase of $20.3 million since June 2017, after the payment of $40.3 million in fully franked dividends, $15.7 million for land acquisitions and water access licences at the McPhillamys Project and $15.7 million on exploration expenditure.

- Record gold production of 184,034 ounces for H1 FY18 (H1 FY17: 154,702 ounces) puts Regis on track to achieve the mid to upper end of the annual production guidance of 335,000-365,000 ounces with all in sustaining costs of $858 per ounce, which is below the lower end of annual cost guidance for FY2018.

As a result of the ongoing strong financial performance of the Company, the Board has declared the following fully franked interim dividend:

Dividend amount	**8 cents per share fully franked**
Ex-dividend date	**8 March 2018**
Record date	**9 March 2018**
Payable date	**21 March 2018**

The interim dividend represents a payout ratio of 13% of revenue and 48% of profit after tax for the half year ended 31 December 2017.

* Includes bullion on hand classified as inventory and valued at the delivered gold price subsequent to 31 December 2017 (i.e. 4,494 oz’s at $1,670/oz)

A summary of the financial result for H1 FY18 is presented below:

	Half Year 31 Dec 17	Half Year 31 Dec 16	Change	Change %
Gold sales ($'000)	298,035	252,204	+45,831	+18%
Profit before tax ($'000)	121,504	85,100	+36,404	+43%
Profit after tax ($'000)	84,585	61,036	+23,549	+39%
Basic earnings per share (cents)	17.29	12.19	+5.10	+42%
Gold sales (ounces) included in revenue	183,846	144,699		
Sale price ($/oz)	1,641	1,742		
Cash operating cost pre royalties ($/oz)	687	826		
All in sustaining cost (A$/oz)[1]	858	949		
Dividend declared (cents per share)	8	7		

Operating results for the Duketon project for H1 FY18 were as follows:

	December 2017	December 2016
Ore mined (Mbcm)	2.66	2.22
Waste mined (Mbcm)	9.24	13.10
Stripping ratio (w:o)	3.5	5.9
Ore mined (Mtonnes)	6.01	5.44
Ore milled (Mtonnes)	4.97	5.12
Head grade (g/t)	1.23	1.03
Recovery (%)	93.9	91.5
Gold production (koz)	184	155

Cash cost pre royalty (A$/oz)	687	826
All in Sustaining Cost (A$/oz)[1]	858	949

1 AISC calculated on a per ounce of production basis

Regis Executive Chairman, Mr Mark Clark commented:

"The record half-year profit after tax of $85 million and operating cashflows of $121 million reflects the strong performance of the Duketon Gold Project and the incremental production value of the successful integration of the satellite projects. With pre-strip mining commencing at Tooheys Well in the current quarter and continued exploration success at Rosemont Underground, the production and gold inventory outlook at Duketon continues to be robust. These strong financial results have underpinned the declaration of an interim dividend of 8 cents per share reinforcing Regis status as an industry leader in dividend payment metrics".

A copy of the Company's Condensed Consolidated Interim Financial Report and Appendix 4D for the 6 months to 31 December 2017 are attached.

Regis Resources Limited and its Controlled Entities

For the half-year ended 31 December 2017

(Previous corresponding period is the half-year ended 31 December 2016)

Results for Announcement to the Market

	31 December 2017	31 December 2016	Change	
	$'000	$'000	$'000	%
Revenue from ordinary activities	298,990	252,906	46,084	18%
Profit from ordinary activities after tax attributable to members	84,585	61,036	23,549	39%
Net profit for the period attributable to members	84,585	61,036	23,549	39%

Dividend Information

After balance date the following interim dividend was declared by the directors:

Amount per share	Franking	Record Date	Expected Payment Date
8 cents per share	100% franked	9 March 2018	21 March 2018

Net Tangible Assets

	31 December 2017	31 December 2016
	$	$
Net tangible assets per share	0.59	0.52

Control Gained or Lost over Entities during the Period

There have been no gains or losses of control over entities in the period ended 31 December 2017.

Financial Results

This report is based on the attached Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2017, which has been reviewed by KPMG, and should be read in conjunction with the consolidated annual financial report as at 30 June 2017 and public announcements made subsequent to 31 December 2017.

REGIS RESOURCES LTD

ABN 28 009 174 761

and its Controlled Entities

Condensed Consolidated Interim Financial Report

31 December 2017

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Corporate Information

ABN
28 009 174 761

Directors
Mark Clark	(Executive Chairman)
Paul Thomas	(Executive Director)
Mark Okeby	(Deputy Chairman/Lead Independent Director)
Ross Kestel	(Independent Non-Executive Director)
James Mactier	(Independent Non-Executive Director)
Fiona Morgan	(Independent Non-Executive Director)

Company Secretary
Kim Massey

Registered Office & Principal Place of Business
Level 1
1 Alvan Street
SUBIACO WA 6008

Share Register
Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

Regis Resources Limited shares are listed on the Australian Securities Exchange (ASX). Code: RRL.

DIRECTORS' REPORT

The Directors present their report of Regis Resources Limited ("Regis" or "the Company") for the half-year ended 31 December 2017.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Mark Clark .... Executive Chairman
Paul Thomas .... Executive Director
Mark Okeby .... Deputy Chairman/Lead Independent Director
Ross Kestel.................... Independent Non-Executive Director
James Mactier .... Independent Non-Executive Director
Fiona Morgan .... Independent Non-Executive Director

Review and Results of Operations

Results

Consolidated net profit after tax for the half-year was $84,585,000 (2016: $61,036,000).

Duketon Gold Project Operations

The Duketon Gold Project achieved record half year production of 184,034 ounces of gold at a pre-royalty cash cost of $687 per ounce[1] and an all-in sustaining cost of $858 per ounce[2] (2016: 154,702 ounces of gold produced at a pre-royalty cash cost of $826 per ounce and an all-in sustaining cost of $949 per ounce).

Operating results for the Duketon Gold Project for the half-year ended 31 December 2017 were as follows:

	Duketon North Operations	Duketon South Operations	Total December 2017	Duketon North Operations	Duketon South Operations	Total December 2016
Ore mined (bcm)	1,124,949	1,537,172	2,662,121	746,288	1,471,065	2,217,353
Waste mined (bcm)	2,449,905	6,785,393	9,235,298	4,413,262	8,688,608	13,101,870
Stripping ratio (w:o)	2.2	4.4	3.5	5.9	5.9	5.9
Ore mined (tonnes)	2,051,921	4,002,388	6,054,309	1,499,077	3,945,578	5,444,655
Ore milled (tonnes)	1,571,274	3,399,130	4,970,404	1,522,032	3,596,997	5,119,029
Head grade (g/t)	1.24	1.22	1.23	0.99	1.04	1.03
Recovery (%)	94.8%	93.5%	93.9%	92.3%	91.1%	91.5%
Gold production (oz)	59,367	124,667	184,034	44,764	109,938	154,702
Cash cost pre royalty (A$/oz)	540	756	687	673	888	826
All-in Sustaining Cost (A$/oz)	675	946	858	903	967	949

Duketon North Operations (DNO) gold production for the half year ended 31 December 2017 increased by 33% from the previous corresponding period. The project benefited from a full six months of ore supply from the Gloster Project which commenced operations in October 2016 contributing limited production in the previous corresponding period. The higher grade oxide ore from Gloster boosted production for the six months with grade at DNO 25% higher and throughput up 3% to an annualised run rate of 3.1 million tonnes per annum.

AISC of $675 per ounce was 25% lower than the prior period as stripping ratios and mining volumes reduced from the prior period which was affected by high strip ratios with the commencement of mining at the Gloster pit.

Duketon South Operations (DSO) gold production was 33% higher than the prior period due to a full six months of production from the Erlistoun Gold Project which commenced supplying ore to the Garden Well processing facility in January 2017. The head grade of ore processed at DSO

[1] Cash cost per ounce is calculated as cash costs of production relating to gold sales (note 6(a)), excluding gold in circuit inventory movements and the cost of royalties, divided by gold ounces produced.

[2] All-in sustaining cost per ounce is calculated as cash cost per ounce as described above, plus royalties and amounts capitalised for pre-strip and production stripping costs, divided by gold ounces produced.

Both of the above measures are included to assist investors to better understand the performance of the business, are non-IFRS measures, and where included in this report, have not been subject to review by the Group's external auditors.

was 17% higher than the previous corresponding period due to higher grade oxide ore from Erlistoun being treated. Erlistoun contributed approximately 660,000 tonnes of ore at a head grade of 1.53g/t. Despite the contribution of softer oxide ore from Erlistoun, throughput was down by 5% at DSO as Rosemont processed a higher proportion of harder fresh rock material than the softer oxide ore in the prior period.

As a result of higher production and lower stripping ratios slightly offset by lower throughput at DSO, AISCs for the six months were 2% lower than the prior period at $946 per ounce.

Corporate

Gold Sales

During the half-year ended 31 December 2017, the Company sold 183,846 ounces of gold at an average price of $1,641 per ounce (2016: 144,699 ounces at an average price of $1,742 per ounce). The Company had a hedging position at the end of the period of 403,108 ounces of spot deferred contracts with an average price of A$1,555 per ounce (June 2017: 396,406 ounces of spot deferred contracts with an average price of A$1,551 per ounce).

Dividend Payment

Regis' net profit after tax for the year ended 30 June 2017 was $138.2 million, and as a result the Board declared a fully franked final dividend of 8 cents per share ($40 million), which was paid in September 2017. The final dividend payment took total dividends paid in relation to the 2017 financial year to 15 cents per share ($75 million).

Development – McPhillamys Gold Project (MGP)

In July 2017 Regis announced that it was progressing two long term water supply options for the MGP. Pursuant to the first option, a non-binding heads of agreement has been entered into with Centennial Coal Company Limited and Energy Australia Pty Ltd for Regis to utilise water from the Mt Piper Power Station and Springvale Mine near Lithgow. Concurrent with progressing the first option, Regis contractually secured approximately 4.5GLpa of water through long term lease and acquisition of Water Access Licences over ground water allocations in a zone of the Lachlan catchment approximately 80 kilometres from MGP.

With progress achieved in securing a long term water supply for the project Regis announced in September 2017 completion of a pre-feasibility study and a maiden ore Reserve estimate at the MGP as follows:

Category (> 0.4g/t lower cut)	Tonnes (MT)	Grade (g/t)	Ounces (000's)
Probable Ore Reserve	60.1	1.05	2,034

The following updated mineral resource estimate was also completed:

Category (> 0.4g/t lower cut)	Tonnes (MT)	Grade (g/t)	Ounces (000's)
Indicated	67.7	1.05	2,282
Inferred	1.2	0.64	25
Total	**68.9**	**1.04**	**2,307**

The pre-feasibility study completed in conjunction with the Reserve estimate shows the project supports a large scale open pit gold mine. The project is expected to be developed as a 7 million tonne per annum open pit mining and processing operation with gold production averaging 192,000 ounces per annum over a nine year mine life.

Key life of mine physical results from the study are summarised below:

Mining	
Waste volume (BCM millions)	91.6
Ore volume (BCM millions)	21.3
Volume total (BCM millions)	112.9
W:O Strip Ratio	4.29
Milling	
Dry Tonnes Per Hour	841
Plant Availability	95.0%
Ore Milled (Tonnes millions)	60.1

Milled Grade (g/t)	1.05
Recovery	85.0%
Ounces Recovered	1,728,264
Mine life (years)	9

Various elements of the Definitive Feasibility Study (DFS) into the development of the MGP were progressed during the half year with activity in all the principal areas of the study.

A draft Preliminary Environmental Assessment (PEA) for the MGP was submitted for review by the regulatory departments during the December 2017 quarter. Formal submission of the PEA is expected to be lodged in the March 2018 quarter with the Environmental Impact Statement (EIS) to be completed thereafter.

Exploration

Extensive exploration and resource development drilling programmes continued during the period at the Duketon project in Western Australia and the McPhillamys project in New South Wales.

During the half year ended 31 December 2017, Regis drilled a total of 123,211 metres across all projects as shown below:

By Drilling Type		
Type	No. Holes	Metres
Aircore	613	43,553
RC	298	41,055
Diamond	343	38,603
Total	**1,254**	**123,211**

By Project	
Project	Metres
Duketon Gold Project ("DGP")	111,253
McPhillamys ("MCP")	11,958
Total	**123,211**

Significant exploration projects advanced during the half-year ended 31 December 2017 are outlined below.

All drilling results and resource estimations highlighted in this report are detailed fully in announcements to the ASX made by the Company on 14 July 2017, 8 September 2017, 12 October 2017 and 30 January 2018 along with the associated JORC 2012 disclosures.

Rosemont Underground Project

Previous drilling at the Rosemont Gold Mine demonstrated the potential for underground resource definition, both underneath the main pit and along strike to the south. A total of 16,148 metres of RC and diamond drilling was completed during the half year. Phase 1 of an ongoing diamond drill programme commenced to infill and confirm the mineralisation geometry determined from previous RC drilling programmes in preparation of reporting a maiden underground resource estimate. In addition, RC drilling continued from the floor of the current open pit to infill gaps in prior drilling.

Both drill programmes were successful in confirming current interpretations of high grade mineralisation geometry and will assist in the preparation of the maiden mineral resource estimate expected to be completed in the March 2018 quarter.

Baneygo Project

An RC infill programme commenced at Baneygo during the half year to convert any inferred resources that may exist inside or below the current pit design into reserve and to fill gaps in current drilling that may exist over the existing 2.5km strike length. Encouraging results were received from several holes and the drill programme will continue into the March 2018 quarter.

Reichelts Find Project

A review of drill data for the Reichelts Find project has highlighted several historic high-grade intercepts located underneath a small oxide pit mined by Ashton Mining in the late 1980's. During the half year a total of 6,413 metres of RC drilling was completed to target mineralisation both below and along strike of the existing pit to test the potential for both open pit and deeper high-grade underground resources. Encouraging results were returned and further drilling is planned to follow up these results and to update the resource estimate in due course.

Duketon Regional Exploration

The Company completed reconnaissance drilling on a number of prosects during the half year including Salt Soak, Cuthbert Bore Steer Creek and Speights prospects. RC drilling at the Salt Soak prospect returned assays requiring follow-up with a targeted RC programme planned for the March 2018 quarter.

Duketon Gold Exploration Joint Venture

Rehabilitation of Regis exploration undertaken over the last two years on the joint venture tenements was completed during the half year and the joint venture terminated on 13 October 2017.

McPhillamys Gold Project

A diamond drill programme was completed during the half year at McPhillamys to test for extensions to the gold mineralisation below the current pit design. Several holes intercepted good lengths of +1g/t gold mineralisation below the current pit design. Results to date are encouraging and suggest there is good potential to define further resources. Sterilisation drill programmes also continued during the period at McPhillamys for infrastructure purposes.

Discovery Ridge Project

During the period a 6,000 metre infill drilling programme commenced at Discovery Ridge. The ongoing drill programme is aimed at providing sufficient information to allow the estimation of an updated resource and maiden reserve at Discovery Ridge in the March 2018 quarter. Discovery Ridge will be studied as a satellite operation to the McPhillamys project targeting a minimal capex, higher grade and lower strip ratio type deposit that will augment McPhillamys in the early years of production.

Events After Balance Date

Dividends

On 19 February 2018, the directors declared an interim, fully franked dividend of 8 cents per share on ordinary shares (refer note 8). The dividend will be paid on 21 March 2018.

Except as disclosed above, there have been no events subsequent to balance date that would significantly affect the amounts reported in the consolidated financial statements as at and for the half-year ended 31 December 2017.

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors' Report for the half-year ended 31 December 2017.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (unless otherwise stated) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

Signed in accordance with a resolution of the directors.

Mark Clark
Executive Chairman
Perth, 19 February 2018

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Regis Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Regis Resources Limited for the half-year ended 31 December 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

KPMG

R Gambitta
Partner

Perth

19 February 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2017

		Consolidated	
		31 December 2017	31 December 2016
	Note	$'000	$'000
Revenue	4	298,990	252,906
Cost of goods sold	6	(167,405)	(162,084)
Gross profit		131,585	90,822
Other income		367	1,704
Investor and corporate costs		(673)	(1,380)
Personnel costs		(4,745)	(2,613)
Share-based payment expense	11	(2,353)	(1,470)
Occupancy costs		(281)	(284)
Other corporate administrative expenses		(421)	(155)
Exploration and evaluation written off		(330)	(143)
Other		(994)	(851)
Finance costs	6	(651)	(530)
Profit before income tax		121,504	85,100
Income tax expense	7	(36,919)	(24,064)
Net profit		84,585	61,036
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Unrealised gains on cash flow hedges		5,716	1,659
Realised gains transferred to net profit		(2,341)	(1,721)
Tax effect		(991)	19
Items that will not be reclassified to profit or loss:			
Changes in financial assets designated at fair value through other comprehensive income		-	(2,147)
Tax effect		-	644
Other comprehensive income for the period, net of tax		2,384	(1,546)
Total comprehensive income for the period		86,969	59,490
Profit attributable to members of the parent		86,969	59,490
Total comprehensive income attributable to members of the parent		**86,969**	**59,490**
Basic profit per share attributable to ordinary equity holders of the parent (cents per share)		17.29	12.19
Diluted profit per share attributable to ordinary equity holders of the parent (cents per share)		17.16	11.86

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

		Consolidated	
		31 December 2017	30 June 2017
	Note	$'000	$'000
Current assets			
Cash and cash equivalents		143,256	119,428
Gold bullion awaiting settlement		21,210	24,934
Receivables	10	5,439	6,833
Inventories	9	46,982	39,328
Derivatives	10	3,563	260
Financial assets		321	263
Other current assets		1,491	1,197
Total current assets		222,262	192,243
Non-current assets			
Inventories	9	43,273	35,452
Property, plant and equipment		192,092	182,388
Exploration and evaluation expenditure		157,888	151,735
Mine properties under development		593	-
Mine properties		133,737	123,244
Intangible assets		2,294	802
Total non-current assets		529,877	493,621
Total assets		752,139	685,864
Current liabilities			
Trade and other payables	10	42,761	43,719
Interest-bearing liabilities	10	1,145	1,506
Income tax payable		9,254	2,193
Provisions		4,212	4,607
Derivatives		862	102
Total current liabilities		58,234	52,127
Non-current liabilities			
Interest-bearing liabilities	10	424	841
Deferred tax liabilities		58,718	49,403
Provisions		45,693	45,101
Total non-current liabilities		104,835	95,345
Total liabilities		163,069	147,472
Net assets		**589,070**	**538,392**
Equity			
Issued capital		433,160	431,491
Reserves		31,613	26,876
Retained profits		124,297	80,025
Total equity		**589,070**	**538,392**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2017

	Consolidated					
	Issued capital	Share-based paymentreserve	Financial assets reserve	Cash flow hedge reserve	Retained profits/ (accumulated losses)	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2017	431,491	25,049	1,717	110	80,025	538,392
Profit for the period	-	-	-	-	84,585	84,585
Other comprehensive income						
Changes in fair value of financial assets, net of tax	-	-	-	-	-	-
Changes in value of cash flow hedges, net of tax	-	-	-	2,384	-	2,384
Total other comprehensive income for the period	-	-	-	2,384	-	2,384
Total comprehensive income for the period	-	-	-	2,384	84,585	86,969
Transactions with owners in their capacity as owners:						
Share-based payments expense	-	2,353	-	-	-	2,353
Dividends paid	-	-	-	-	(40,313)	(40,313)
Shares issued, net of transaction costs	1,669	-	-	-	-	1,669
At 31 December 2017	433,160	27,402	1,717	2,494	124,297	589,070
At 1 July 2016	431,335	21,827	3,243	3,504	21,939	481,848
Profit for the period	-	-	-	-	61,036	61,036
Other comprehensive income						
Changes in fair value of financial assets, net of tax	-	-	(1,503)	-	-	(1,503)
Changes in value of cash flow hedges, net of tax	-	-	-	(43)	-	(43)
Total other comprehensive income for the period	-	-	(1,503)	(43)	-	(1,546)
Total comprehensive income for the period	-	-	(1,503)	(43)	61,036	59,490
Transactions with owners in their capacity as owners:						
Share-based payments expense	-	1,470	-	-	-	1,470
Dividends paid	-	-	-	-	(45,007)	(45,007)
Shares issued, net of transaction costs	156	-	-	-	-	156
At 31 December 2016	431,491	23,297	1,740	3,461	37,968	497,957

CONSOLIDATED STATEMENT OF CASH FLOW

For the half-year ended 31 December 2017

		Consolidated	
		31 December 2017	31 December 2016
	Note	$'000	$'000
Cash flows from operating activities			
Receipts from gold sales		301,759	252,138
Payments to suppliers and employees		(161,269)	(142,911)
Option premium income		1,197	905
Interest received		1,013	739
Interest paid		(49)	(54)
Income tax paid		(21,533)	(21,574)
Other income		2	-
Net cash from operating activities		121,120	89,243
Cash flows from investing activities			
Acquisition of plant and equipment		(22,160)	(13,630)
Acquisition of intangible assets		(1,492)	-
Payments for exploration and evaluation (net of rent refunds)		(16,032)	(11,259)
Payments for exploration assets (net of cash)		-	(100)
Purchase of held to maturity investments		(58)	(84)
Payments for mine properties under development		(440)	(6,127)
Payments for mine properties		(17,708)	(18,040)
Proceeds on disposal of plant and equipment		21	-
Net cash used in investing activities		(57,869)	(49,240)
Cash flows from financing activities			
Proceeds from issue of shares		1,704	175
Payment of transaction costs		(37)	(19)
Repayment of finance lease		(778)	(721)
Dividends paid	8	(40,312)	(45,007)
Net cash used in financing activities		(39,423)	(45,572)
Net increase/(decrease) in cash and cash equivalents		23,828	(5,569)
Cash and cash equivalents at 1 July		119,428	99,535
Cash and cash equivalents at 31 December		**143,256**	**93,966**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2017

1. Corporate Information

The interim condensed consolidated financial statements of Regis Resources Limited and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2017 were authorised for issue in accordance with a resolution of the directors on 19 February 2018.

Regis Resources Limited (the "Company") is a for profit company, limited by shares, incorporated and domiciled in Australia whose shares are publicly traded. The Group's principal activities are the exploration for and production of gold.

2. Basis of Preparation and Accounting Policies

Basis of preparation

The interim condensed consolidated financial statements for the half-year ended 31 December 2017 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2017 which are available upon request from the Company's registered office or at www.regisresources.com.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2017, except as disclosed below.

Changes in accounting policies

The Group has adopted the following new and revised accounting standards, amendments and interpretations as of 1 July 2017:

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

The adoption of these new and revised standards did not have a material impact on the Group's financial statements.

3. Operating Segment Information

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2017 and 2016 respectively.

	Duketon North Operations		Duketon South Operations		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue								
Sales to external customers	95,267	73,772	202,769	178,432	-	-	298,036	252,204
Other revenue	-	-	-	-	954	702	954	702
Total segment revenue	95,267	73,772	202,769	178,432	954	702		
Total revenue per the statement of comprehensive income							298,990	252,906
Segment result								
Segment net operating profit/(loss) before tax	51,284	31,111	78,773	58,567	(8,553)	(4,578)	121,504	85,100
Income tax expense							(36,919)	(24,064)
Net profit after tax							84,585	61,036

Segment assets

Total assets have increased by 10% since the last annual report as a result of an increase in the Company's cash balance due to strong cash flows from operations and the accumulation of ore stockpiles at Rosemont and Garden Well. Segment assets as at 31 December and 30 June are as follows:

	Duketon North Operations		Duketon South Operations		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
As at 31 December								
Segment operating assets	83,668	80,333	323,864	281,670	344,607	263,730	752,139	625,733
As at 30 June								
Segment operating assets	82,066	62,087	308,108	272,784	295,690	256,386	685,864	591,257

4. Revenue

	Consolidated	
	Half-year ended 31 December 2017	Half-year ended 31 December 2016
	$'000	$'000
Revenue		
Gold sales	298,035	252,204
Interest	955	702
	298,990	252,906

5. Physical Gold Delivery Commitments

Open contracts at balance date are summarised in the table below:

	Gold for physical delivery		Contracted gold sale price		Value of committed sales		Mark-to-market[i]	
	31 December 2017	30 June 2017	31 December 2017	30 June 2017	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	ounces	ounces	$/oz	$/oz	$'000	$'000	$'000	$'000
Within one year								
- Spot deferred contracts[ii]	403,108	396,406	1,557	1,551	627,818	614,718	(45,462)	(25,386)
	403,108	396,406			627,818	614,718	(45,462)	(25,386)
Mark-to-market has been calculated with reference to the following spot price at period end							$1,670/oz	$1,615/oz

(i) Mark-to-market represents the value of the open contracts at balance date, calculated with reference to the gold spot price at that date. A negative amount reflects a valuation in the counterparty's favour.

(ii) The contracted gold sale price disclosed for spot deferred contracts reflects a weighted average of a range of contract prices. The range of prices at the end of the half-year was from $1,411/oz to $1,814/oz (30 June 2017: $1,408/oz to $1,810/oz).

At 31 December 2017, the Group had an unsold call option of 20,000 ounces at a strike price of $1,684 with a maturity date of 30 May 2018.

The Group has no further gold sale commitments.

6. Expenses

	Consolidated	
	Half-year ended 31 December 2017	Half-year ended 31 December 2016
	$'000	$'000
(a) Cost of goods sold		
Cash costs of production	122,102	122,817
Royalties	12,771	10,753
Depreciation of mine plant and equipment	14,895	15,471
Amortisation of mine properties	17,637	13,043
	167,405	162,084
(b) Finance costs		
Interest expense	49	54
Unwinding of discount on provisions	602	476
	651	530

7. Income Tax

A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	121,504	85,100
At the Group's statutory income tax rate of 30% (2016: 30%)	36,451	25,530
Share-based payments	706	441
Other non-deductible expenditure	8	1
Adjustment in respect of income tax of previous years	(246)	(1,908)
Income tax expense reported in the statement of comprehensive income	36,919	24,064

8. Dividends

	Consolidated	
	Half-year ended 31 December 2017 $'000	Half-year ended 31 December 2016 $'000
Declared and paid during the half-year:		
Dividends on ordinary shares		
Final dividend for 2017: 8 cents (2016: 9 cents) (fully-franked at 30%)	40,313	45,007
Proposed by the directors after balance date but not recognised as a liability at 31 December:		
Dividends on ordinary shares		
Interim dividend for 2018: 8 cents (2017: 7 cents) (fully-franked at 30%)	40,342	35,069
Dividend franking account		
Franking credits available for future years at 30% adjusted for the payment of income tax and dividends payable	16,944	11,116
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the period	(17,290)	(15,030)

The ability to utilise the franking credits is dependent upon the ability to declare dividends.

9. Inventories

	Consolidated	
	As at 31 December 2017 $'000	As at 30 June 2017 $'000
Current		
Ore stockpiles	31,414	25,894
Gold in circuit	8,140	6,098
Bullion on hand	4,077	4,254
Consumable stores	3,351	3,082
	46,982	39,328
Non-current		
Ore stockpiles	43,273	35,452

At 31 December 2017, all inventory is carried at cost. At the prior year end, all inventory was carried at cost. During the half year, $0 (2016: $1,491,000) was recognised in cost of goods sold for inventories carried at net realisable value.

10. Financial Assets and Financial Liabilities

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities, held by the Group at 31 December 2017 and 30 June 2017.

	Consolidated	
	As at 31 December 2017 $'000	As at 30 June 2017 $'000
Financial assets at amortised cost		
Receivables	5,439	6,833
Derivatives designated as cash flow hedges		
Diesel swap contracts	3,563	260
Total financial assets	**9,002**	**7,093**
Financial liabilities at amortised cost		
Trade and other payables	42,761	43,719
Obligations under finance leases		
Current	1,145	1,506
Non-current	424	841
Derivatives not designated as hedging instruments		
Sold gold call options	862	102
Total financial liabilities	**45,192**	**46,168**

Fair Values

The carrying amounts and estimated fair values of all of the Group's financial instruments recognised in the financial statements are materially the same. The methods and assumptions used to estimate the fair value of financial instruments, and the categorisation of each method used, is set out below:

- Level 1: the fair value is calculated using quoted prices in active markets. Since disposing of its investment in Capricorn Metals Limited in the year ended 30 June 2017, the Group no longer has any financial instruments classified as Level 1.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The Group's derivative liabilities (sold gold call options) and derivative assets (cash flow hedges) are classified as Level 2, as they were valued using valuation techniques that employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, and spot and forward rate curves of the underlying commodity. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for the commodity swaps designated in hedge relationships and the sold gold call options recognised at fair value.
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data. The Group does not have any financial assets or liabilities in this category.

For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between levels during the half-year.

11. Share-Based Payments

Employee Options

During the half year, employees (none of whom were directors) of the Company were granted 1,790,000 options under the Regis Resources Limited 2014 Employee Share Option Plan and have an exercise price of $3.90. Half of the options will vest and be exercisable two years from the date of grant, with the remaining half vesting three years from grant date, provided the employee remains in the service of the Company.

The fair value at grant date has been estimated using the Black-Scholes option pricing formula, taking into account the terms and conditions upon which the options were granted. The contractual life of each option is 4 years. There is no cash settlement of the options. The inputs used to calculate the fair value of these options are set out below.

Grant date	5 July 2017
Share price at grant date	$3.75
Exercise price	$3.90
Expected dividends	4.0%
Risk-free interest rate	1.74% - 1.90%
Expected volatility	73.1% - 93.7%
Expected life	2 – 3 years
Fair value per option at grant date	$1.28 - $1.87

Performance Rights

In November 2017, 430,440 Performance Rights were granted to the Executive Directors, Mr Mark Clark and Mr Paul Thomas, and key management personnel, Mr Kim Massey and Mr Peter Woodman under the Group's Executive Incentive Plan ("EIP"). The performance conditions that the Board has determined will apply to the Performance Rights are summarised below:

Tranche	Weighting	Performance Conditions
Tranche A	25% of the Performance Rights	The Company's relative total shareholder return ("TSR") measured against the TSR's of 18 comparator mining companies
Tranche B	25% of the Performance Rights	The Company's absolute TSR measured against specific thresholds
Tranche C	25% of the Performance Rights	The growth in the Company's earnings per share ("EPS") measured against specific thresholds
Tranche D	25% of the Performance Rights	The growth in the Company's Ore Reserve measured against specific thresholds

The fair value at grant date of Tranches A and B, which have market based performance conditions, was estimated using a Monte Carlo simulation, and a Black Scholes option pricing model was used to estimate the fair value at grant date of Tranches C and D, which have non-market based performance conditions.

The table below details the terms and conditions of the grant and the assumptions used in estimating fair value:

Grant date	23 November 2017
Value of the underlying security at grant date	$4.09
Exercise price	nil
Dividend yield	4.00%
Risk free rate	1.90%
Volatility	50%
Performance period (years)	3
Commencement of measurement period	1 July 2017
Test date	30 June 2020
Remaining performance period (years)	2.60

The fair value of the Performance Rights granted during the half year was $1,284,000 and the weighted average fair value was $2.98.

For the six months ended 31 December 2017, the Group has recognised $2,353,000 of share-based payment expense in the statement of comprehensive income (31 December 2016: $1,470,000).

12. Commitments and Contingencies

Contractual Commitments

On 23 October 2017, the Group signed an amendment to the agreement with Pacific Energy (KPS) Pty Ltd ("KPS") for the supply of electricity to the Duketon Gold Project. The terms of the agreement commit the Group to purchasing a fixed amount of electricity per month for 3 years from 1 September 2017 (the "Effective Date") at a price which will be reviewed annually. As at 31 December 2017, at the current contract price, the Group had commitments to purchase electricity for the remaining term of $17,463,200.

Operating Lease Commitments

On 1 November 2017, the Group leased two office premises in Blayney (NSW) in relation to the McPhillamys Project, under normal commercial lease arrangements. Both leases were entered into for an initial period of 3 years and the Group is under no legal obligation to renew the lease once the lease term has expired. As at 31 December 2017, the Group is committed to lease repayments totalling $221,000.

There have been no other significant changes to the commitments and contingencies disclosed in the most recent financial report.

13. Subsequent Events

Dividends

On 19 February 2018 the directors declared an interim dividend of 8 cents per share on ordinary shares (refer note 8). The dividend will be paid on 21 March 2018.

Except as disclosed above, there have been no events subsequent to balance date that would significantly affect the amounts reported in the consolidated financial statements as at and for the half-year ended 31 December 2017.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Regis Resources Limited, I state that:

In the opinion of the directors:

(a) The financial statements and notes of Regis Resources Limited for the half-year ended 31 December 2017 are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001;* and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mark Clark
Executive Chairman
Perth, 19 February 2018

Independent Auditor's Review Report

To the members of Regis Resources Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Regis Resources Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Regis Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Consolidated balance sheet as at 31 December 2017
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises Regis Resources Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Regis Resources Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

19 February 2018