

20 February 2019

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## Financial Results and Interim Dividend Declaration for the Half Year Ended 31 December 2018

### Key Points *(All figures expressed in Australian dollars unless stated otherwise)*

- **Net profit after tax of \$79.9 million** and **net profit margin of 25%** reflects the ongoing profitability of the Duketon operations.
- **Revenue of \$317.2 million**, with **186,276 ounces of gold sold** at average price of \$1,696 per ounce.
- **EBITDA of \$146.4 million** with a very strong **EBITDA margin of 46%**.
- **Cash flows** from operating activities of **\$126.5 million**.
- **Cash and bullion** (including bullion on hand classified as inventory) of **\$206.7 million\***, in line with the cash and bullion balance at 30 June 2018, after the payment of \$40.6 million in fully franked dividends, \$20.9 million on exploration expenditure, \$28.7 million on new satellite projects and TSF lifts and \$3.8 million on long lead items for Rosemont Underground.
- **Fully franked interim dividend of 8 cents per share** declared.
- Gold production of 181,366 ounces for H1 FY19 at an all in sustaining cost of \$954 per ounce. Duketon operations on track to achieve the mid to upper end of the annual production guidance of 340,000-370,000 ounces with all in sustaining costs at the mid to lower end of annual cost guidance of \$985-\$1,055 per ounce.

### Comment

Regis Managing Director, Mr Jim Beyer commented: "The strong half-year profit after tax of \$79.9 million and operating cashflows of \$126.5 million reflects the reliability of the operations at Duketon. Over a long period of time Duketon has delivered consistently low cost production which translates into strong free cashflow and robust net profit margins in excess of 25%. That cashflow is put to good use investing in future growth for the Company while also returning excess funds to shareholders in the form of dividends. We are proud of Regis' reputation as an industry leader in dividend payments and once again we are pleased to announce that an 8 cent fully franked interim dividend will be returned to shareholders. With underground development commencing at Rosemont in the current quarter we look forward to building on this strong Company performance".

\* Includes bullion on hand classified as inventory and valued at the delivered gold price subsequent to 31 December 2018 (i.e. 10,625 oz's at \$1,860/oz)

The board of Regis Resources Limited is pleased to announce a strong half year net profit after tax of \$79.9 million for the six months ended 31 December 2018. This represents a 6% decrease from the record first half net profit after tax of \$84.6 million reported in 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** 12 March 2019
- **Record date** 13 March 2019
- **Payable date** 25 March 2019

The interim dividend represents a payout ratio of 13% of revenue and 51% of profit after tax for the half year ended 31 December 2018.

A summary of the financial result for H1 FY19 is presented below:

	Half Year 31 Dec 18*	Half Year 31 Dec 17	Change	Change %
Gold sales (\$'000)	315,960	298,035	+17,925	+6%
Profit before tax (\$'000)	114,414	121,504	-7,090	-6%
Profit after tax (\$'000)	79,854	84,585	-4,731	-6%
Basic earnings per share (cents)	15.77	17.29	-1.52	-9%
Gold sales (ounces) included in revenue	186,276	183,846		
Sale price (\$/oz)	1,696	1,641		
Cash operating cost pre royalties (\$/oz)	779	687		
All in sustaining cost (A\$/oz) <sup>1</sup>	954	858		
Dividend declared (cents per share)	8	8		

\* Group has adopted AASB15 Revenue from contracts with customers for the first time for the annual reporting period commencing 1 July 2018 and applied the new standard using the cumulative effect approach without having to adjust comparatives in the current year reporting. Refer Note 2 to the attached Consolidated Interim Financial Report.

Operating results for the Duketon project for H1 FY19 were as follows:

	December 2018	December 2017
Ore mined (Mbcm )	2.52	2.66
Waste mined (Mbcm)	13.15	9.24
Stripping ratio (w:o)	5.2	3.5
Ore mined (Mtonnes)	5.81	6.01
Ore milled (Mtonnes)	4.87	4.97
Head grade (g/t)	1.24	1.23
Recovery (%)	93.7	93.9
Gold production (koz)	181	184
Cash cost pre royalty (A\$/oz)	779	687
All in Sustaining Cost (A\$/oz) <sup>1</sup>	954	858

<sup>1</sup> AISC calculated on a per ounce of production basis

A copy of the Company's Condensed Consolidated Interim Financial Report and Appendix 4D for the 6 months to 31 December 2018 are attached.

## Regis Resources Limited and its Controlled Entities

For the half-year ended 31 December 2018

(Previous corresponding period is the half-year ended 31 December 2017)

### Results for Announcement to the Market

	31 December 2018	31 December 2017	Change	
	\$'000	\$'000	\$'000	%
Revenue from ordinary activities	317,174	298,990	18,184	6%
Profit from ordinary activities after tax attributable to members	79,854	84,585	(4,731)	(6%)
Net profit for the period attributable to members	79,854	84,585	(4,731)	(6%)

### 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	13 March 2019	25 March 2019

### Net Tangible Assets

	31 December 2018	31 December 2017
	\$	\$
Net tangible assets per share	0.61	0.59

### 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 2018.

### Financial Results

This report is based on the attached Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2018, which has been reviewed by KPMG, and should be read in conjunction with the consolidated annual financial report as at 30 June 2018 and public announcements made subsequent to 31 December 2018.



ABN 28 009 174 761

and its Controlled Entities

Condensed Consolidated Interim Financial Report

31 December 2018

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## **CORPORATE INFORMATION**

### **ABN**

28 009 174 761

### **Directors**

James Mactier	(Independent Non-Executive Chairman)
Jim Beyer	(Chief Executive Officer and Managing Director)
Paul Thomas	(Executive Director)
Mark Okeby	(Non-Executive Deputy Chairman)
Ross Kestel	(Independent Non-Executive Director)
Fiona Morgan	(Independent Non-Executive Director)

### **Company Secretary**

Kim Massey

### **Registered Office & Principal Place of Business**

Level 2  
516 Hay 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 2018.

### 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.

James Mactier ..... Independent Non-Executive Chairman (from 23 November 2018, previously Independent Non-Executive Director)  
 Mark Clark ..... Executive Chairman (retired 23 November 2018)  
 Jim Beyer ..... Chief Executive Officer and Managing Director (appointed 15 October 2018)  
 Paul Thomas ..... Executive Director  
 Mark Okeby ..... Non-Executive Deputy Chairman  
 Ross Kestel ..... 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 \$79,854,000 (2017: \$84,585,000).

### Duketon Gold Project Operations

The Duketon Gold Project achieved half year production of 181,366 ounces of gold at a pre-royalty cash cost of \$779 per ounce<sup>1</sup> and an all-in sustaining cost of \$954 per ounce<sup>2</sup> (2017: 184,034 ounces of gold produced at a pre-royalty cash cost of \$687 per ounce and an all-in sustaining cost of \$858 per ounce).

Operating results for the Duketon Gold Project for the half-year ended 31 December 2018 were as follows:

	Duketon South Operations	Duketon North Operations	Total December 2018	Duketon South Operations	Duketon North Operations	Total December 2017
Ore mined (bcm)	1,427,991	1,089,592	2,517,583	1,537,172	1,124,949	2,662,121
Waste mined (bcm)	10,236,024	2,914,747	13,150,771	6,785,393	2,449,905	9,235,298
Stripping ratio (w:o)	7.2	2.7	5.2	4.4	2.2	3.5
Ore mined (tonnes)	3,717,585	2,093,764	5,811,349	4,002,388	2,051,921	6,054,309
Ore milled (tonnes)	3,186,501	1,682,573	4,869,074	3,399,130	1,571,274	4,970,404
Head grade (g/t)	1.37	0.99	1.24	1.22	1.24	1.23
Recovery (%)	94.1%	92.5%	93.7%	93.5%	94.8%	93.9%
Gold production (oz)	131,805	49,561	181,366	124,667	59,367	184,034
Cash cost pre royalty (A\$/oz)	767	812	779	756	540	687
All-in Sustaining Cost (A\$/oz)	968	917	954	946	675	858

Duketon South Operations (DSO) gold production was 6% higher than the prior period due to an increase in processed head grade and mill recovery at the project. The commencement of processing of Tooheys Well ore from 1 October 2018 had a positive effect on milled grade and recovery at DSO for the period.

The higher strip ratios across the project area and the commencement of construction of an additional tailings storage facility near Tooheys Well increased AISCs by 2% higher than the prior period at \$968 per ounce.

<sup>1</sup> 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.

<sup>2</sup> 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.



## Directors' Report (Continued)

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Duketon North Operations (DNO) gold production for the half year ended 31 December 2018 decreased by 16% from the previous corresponding period as a result of decreases in processed head grade, throughput and recovery at the Moolart Well mill. Mill throughput at DNO was affected by the transition of mining at Gloster into the harder fresh rock zone of the deposit. The processed grade trended downwards, in line with the life of mine reserve grade, reducing to 0.99g/t at DNO.

AISC of \$917 per ounce was 36% higher than the prior period due to increased stripping ratios and mining volumes at the project, as the mining fleet focussed on pre-production mining activities at the Dogbolter and Anchor satellite pits.

### *Corporate*

#### **Gold Sales**

During the half-year ended 31 December 2018, the Company sold 186,276 ounces of gold at an average price of \$1,696 per ounce (2017: 183,846 ounces at an average price of \$1,641 per ounce). The Company had a hedging position at the end of the period of 420,183 ounces of spot deferred contracts with an average price of A\$1,574 per ounce (2017: 403,108 ounces of spot deferred contracts with an average price of A\$1,555 per ounce).

#### **Dividend Payment**

Regis' net profit after tax for the year ended 30 June 2018 was \$174.2 million, and as a result the Board declared a fully franked final dividend of 8 cents per share (\$40.6 million), which was paid in September 2018. The final dividend payment took total dividends paid in relation to the 2018 financial year to 16 cents per share (\$80.9 million).

### *Development – Rosemont Underground Project*

In August 2018, the Company announced that it had approved the development of an underground mining operation at the current Rosemont open pit operation. The decision was made on the basis of a detailed mining study which assessed the mining of the maiden underground resource at Rosemont of 1.4mt at 5.1g/t for 230,000 ounces of gold.

On 21 January 2019, the Company announced that the underground mining contract was awarded to Barmenco for an initial three year contract. Mobilisation is currently underway and decline development mining is expecting to start in March 2019, with the first significant amount of ore feed to be milled by the end of 2019.

Additional drilling will continue to reoptimise the resource with the expectation of some of the resource being upgraded to Indicated Resources. Mine plans and schedules will also be recast during the March 2019 quarter and will be used to form the basis of the forecast production and costs for the Rosemont operation for the coming financial year.

### *Development – McPhillamys Gold Project (MGP)*

Regis received the Environmental Assessment Requirements issued by the NSW Department of Planning and Environment (DPE) late in the September 2018 quarter. After consideration of these requirements and the detailed work required to satisfy them, it is currently expected that the Company will be in a position to submit the final Environmental Impact Statement (EIS) to the DPE in the June 2019 quarter. As part of the EIS work, the Company has continued its community consultation through meetings, the distribution of community information sheets and a number of community open days for the local and wider community.

Regis continued to progress the pipeline route access to utilise recycled water from the Mt Piper Power Station and Centennial Mine near Lithgow. This is one of the two long term water supply options for the project. Finalisation of a formal water agreement with Centennial Coal Company and Energy Australia Ltd for Regis to utilise this water is progressing. Regis also continues to hold approximately 4.5GLpa of ground water access licences in a zone of the Lachlan catchment, approximately 80 kilometres from MGP as an alternative water supply.

Work continued on the Definitive Feasibility Study (DFS). The DFS will incorporate the requirements for the project development emanating from the results of the EIS and will further define operating parameters, estimated capital and operating costs and a development timetable (subject to completion of permitting). The DFS will be completed subsequent to the submission of the EIS.

## Directors' Report (Continued)

### 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 2018, Regis drilled a total of 136,000 metres across all projects as shown below:

By Drilling Type		
Type	No. Holes	Metres
Aircore	723	45,680
RC	513	78,216
Diamond	32	12,104
<b>Total</b>	<b>1,268</b>	<b>136,000</b>

By Project	
Project	Metres
Duketon Gold Project ("DGP")	132,120
McPhillamys ("MCP")	3,880
<b>Total</b>	<b>136,000</b>

Significant exploration projects advanced during the half-year ended 31 December 2018 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 26 July 2018, 3 August 2018 and 21 January 2019 along with the associated JORC 2012 disclosures

#### Rosemont Underground Resource

Diamond and RC drilling continued at Rosemont with drilling focused on the central zone located between the defined underground resource areas with the aim to extend the current resource from the Main domain to the South domain. The drilling has been very successful in identifying high grade gold mineralisation between existing underground resource areas over a 750m strike outside the current UG resource envelope with sufficient thickness and tenor for underground development.

#### Garden Well Underground Project

Previous drilling at Garden Well indicated the potential for a robust underground target below the southern end of the pit. Drilling during the half year continued to test the southern high grade shoot between 200m and 400m below surface. A total of 24 RC and 14 diamond drill holes were completed for 9,850 meters. Results continue to show significant widths and grades of gold mineralisation.

#### Baneygo Project

A RC infill programme was undertaken during the period with encouraging results received. These intercepts confirm gold mineralisation extends 380 meters north of the current quoted resource shell. Drilling at Baneygo has focused on shallow oxide gold mineralisation, with the extent of gold mineralisation at depth in fresh rock remaining largely untested. A programme of deeper drilling will be conducted in the March 2019 quarter to assess the continuity of historic high grade intercepts in fresh rock, all outside current reserves.

#### Moolart Well Gold Mine

During the half year, a total of 44,014 metres were drilled at Moolart Well with the purpose to test for shallow oxide resources, test down dip extensions of gold mineralisation beneath existing pits and increase the drill density in the existing resource envelopes in order to convert additional resources to reserves. Resource updates and pit optimisations will be completed on the drilled areas with a view to adding to the mining reserves at the Moolart Well operation.

Gold mineralisation in fresh rock at Moolart Well is largely untested and presents as a highly prospective target. Exploration during the year will focus on developing a robust geological model for Moolart Well in order to target gold mineralisation beneath the existing open pits, and to investigate the potential for underground resources.

#### Duketon Regional Exploration

The Company completed drilling on a number of prospects during the half year including O'Connor Reward, Camp Oven, Crown, Russells Find, Ventnor, Millar Hill, Little Well, McKenzie, Winnebago prospects. Anomalous assays were received for Beamish, Little Well, Millar Hill, Pleco and Salt Soak gold prospects with follow up drilling to be completed.

#### Discovery Ridge Project

A total of 3,879 metres of resource and diamond drilling was undertaken during the period to infill and test the down plunge extension to gold mineralisation at Discovery Ridge. This work will be included in an updated resource and maiden reserve estimation later this year.

## Directors' Report (Continued)

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### Events After Balance Date

On 19 February 2019, 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 25 March 2019.

The Company exercised a call option on 21 January 2019 for land acquired in NSW, and subsequently paid \$6,257,997 upon settlement on 4 February 2019.

On 3 January 2019, the Company entered into a spot deferred contract of 50,000 ounces with a delivery price of \$1,860 per ounce with Macquarie Bank Ltd.

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 2018.

### 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 2018.

### 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.

A handwritten signature in blue ink, appearing to read 'JB', with a horizontal line extending to the right.

James Beyer  
Chief Executive Officer and Managing Director  
Perth, 19 February 2019



# 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 2018 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 2019

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2018

	Note	Consolidated	
		31 December 2018	31 December 2017
		\$'000	\$'000
<b>Revenue</b>	4	317,174	298,990
Cost of goods sold	6	(193,364)	(167,405)
<b>Gross profit</b>		123,810	131,585
Other income		(177)	367
Investor and corporate costs		(1,468)	(673)
Personnel costs		(4,719)	(4,745)
Share-based payment expense	11	(660)	(2,353)
Occupancy costs		(561)	(281)
Other corporate administrative expenses		(275)	(421)
Exploration and evaluation written off		(1)	(330)
Other		(852)	(994)
Finance costs	6	(683)	(651)
<b>Profit before income tax</b>		114,414	121,504
Income tax expense	7	(34,560)	(36,919)
<b>Net profit</b>		79,854	84,585
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Unrealised gains on cash flow hedges		-	5,716
Realised gains transferred to net profit		-	(2,341)
Tax effect		-	(991)
<b>Other comprehensive income for the period, net of tax</b>		-	2,384
<b>Total comprehensive income for the period</b>		79,854	86,969
<b>Profit attributable to members of the parent</b>		79,854	86,969
<b>Total comprehensive income attributable to members of the parent</b>		79,854	86,969
Basic profit per share attributable to ordinary equity holders of the parent (cents per share)		15.77	17.29
Diluted profit per share attributable to ordinary equity holders of the parent (cents per share)		15.75	17.16

## CONSOLIDATED BALANCE SHEET

As at 31 December 2018

		Consolidated	
		31 December 2018	30 June 2018
	Note	\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		187,085	181,118
Gold bullion awaiting settlement		-	21,160
Receivables	10	7,614	5,954
Inventories	9	58,564	43,438
Financial assets		345	344
Other current assets		2,181	1,354
<b>Total current assets</b>		<b>255,789</b>	<b>253,368</b>
<b>Non-current assets</b>			
Inventories	9	53,923	45,986
Property, plant and equipment		209,459	195,340
Exploration and evaluation expenditure		190,664	171,570
Mine properties under development		9,792	29,578
Mine properties		162,466	124,116
Intangible assets		2,572	2,572
<b>Total non-current assets</b>		<b>628,876</b>	<b>569,162</b>
<b>Total assets</b>		<b>884,665</b>	<b>822,530</b>
<b>Current liabilities</b>			
Trade and other payables	10	59,575	48,635
Interest-bearing liabilities	10	424	806
Income tax payable		11,323	14,242
Provisions		3,331	3,418
Derivatives	10	203	-
<b>Total current liabilities</b>		<b>74,856</b>	<b>67,101</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	10	-	36
Deferred tax liabilities		81,257	75,098
Provisions		55,165	43,453
<b>Total non-current liabilities</b>		<b>136,422</b>	<b>118,587</b>
<b>Total liabilities</b>		<b>211,278</b>	<b>185,688</b>
<b>Net assets</b>		<b>673,387</b>	<b>636,842</b>
<b>Equity</b>			
Issued capital		434,895	433,248
Reserves		30,657	29,997
Retained profits		207,835	173,597
<b>Total equity</b>		<b>673,387</b>	<b>636,842</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2018

	Consolidated					
	Issued capital	Share-based payment reserve	Financial assets reserve	Cash flow hedge reserve	Retained profits/ (accumulated losses)	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2018</b>	433,248	28,280	1,717	-	173,597	636,842
Adjustment on adoption of AASB 15 on 1 July 2018 (Note 2)	-	-	-	-	(5,046)	(5,046)
<b>At 1 July 2018</b>	<b>433,248</b>	<b>28,280</b>	<b>1,717</b>	<b>-</b>	<b>168,551</b>	<b>631,796</b>
Profit for the period	-	-	-	-	79,854	79,854
<b>Other comprehensive income</b>						
Changes in value of cash flow hedges, net of tax	-	-	-	-	-	-
Total other comprehensive income for the period	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,854</b>	<b>79,854</b>
<b>Transactions with owners in their capacity as owners:</b>						
Share-based payments expense	-	660	-	-	-	660
Dividends paid	-	-	-	-	(40,570)	(40,570)
Shares issued, net of transaction costs	1,647	-	-	-	-	1,647
<b>At 31 December 2018</b>	<b>434,895</b>	<b>28,940</b>	<b>1,717</b>	<b>-</b>	<b>207,835</b>	<b>673,387</b>
<b>At 1 July 2017</b>	<b>431,491</b>	<b>25,049</b>	<b>1,717</b>	<b>110</b>	<b>80,025</b>	<b>538,392</b>
Profit for the period	-	-	-	-	84,585	84,585
<b>Other comprehensive income</b>						
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
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,384</b>	<b>84,585</b>	<b>86,969</b>
<b>Transactions with owners in their capacity as owners:</b>						
Share-based payments expense	-	2,353	-	-	-	2,353
Dividends paid	-	-	-	-	(40,313)	(40,313)
Shares issued, net of transaction costs	1,669	-	-	-	-	1,669
<b>At 31 December 2017</b>	<b>433,160</b>	<b>27,402</b>	<b>1,717</b>	<b>2,494</b>	<b>124,297</b>	<b>589,070</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

For the half-year ended 31 December 2018

	Note	Consolidated	
		31 December 2018	31 December 2017
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from gold sales		315,960	301,759
Payments to suppliers and employees		(161,488)	(161,269)
Option premium income		-	1,197
Interest received		1,204	1,013
Interest paid		(42)	(49)
Income tax paid		(29,157)	(21,533)
Other income		6	2
<b>Net cash from operating activities</b>		<b>126,483</b>	<b>121,120</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(21,542)	(22,160)
Acquisition of intangible assets		-	(1,492)
Payments for exploration and evaluation (net of rent refunds)		(20,892)	(16,032)
Purchase of held to maturity investments		(1)	(58)
Payments for mine properties under development		(16,474)	(440)
Payments for mine properties		(22,296)	(17,708)
Proceeds on disposal of plant and equipment		28	21
<b>Net cash used in investing activities</b>		<b>(81,177)</b>	<b>(57,869)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,698	1,704
Payment of transaction costs		(50)	(37)
Repayment of finance lease		(417)	(778)
Dividends paid	8	(40,570)	(40,312)
<b>Net cash used in financing activities</b>		<b>(39,339)</b>	<b>(39,423)</b>
Net increase/(decrease) in cash and cash equivalents		5,967	23,828
Cash and cash equivalents at 1 July		181,118	119,428
<b>Cash and cash equivalents at 31 December</b>		<b>187,085</b>	<b>143,256</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2018

### 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 2018 were authorised for issue in accordance with a resolution of the directors on 19 February 2019.

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 2018 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 2018 which are available upon request from the Company’s registered office or at [www.regisresources.com](http://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 2018, 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 2018:

- AASB 15 – *Revenue from Contracts with Customers*
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

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

#### AASB 15 Revenue from Contracts with Customers

The Group adopted AASB 15 – *Revenue from contracts with customers* for the first time for the annual reporting period commencing 1 July 2018. Revenue is generated from the sale of gold bullion and gold. Under AASB 15, revenue is recognised when control is transferred to the customer which replaced the notion of transfer risks and rewards in AASB 118 – *Revenue* (superseded on 1 July 2018). The Group applied the new standard AASB 15 using the cumulative effect approach which recognises the cumulative effect of initial application as an adjustment to the opening balance of Retained Earnings at 1 July 2018, without having to adjust comparatives in the current year reporting.

The impact on the consolidated financial statement upon the adoption of AASB 15 from 1 July 2018 under the cumulative effect approach is as following:

- Gold bullion sales – gold sales that occurred in June 2018 met the revenue recognition criteria under the prevailing AASB 118 and was correctly recognised in the prior year. The same sale however would not have met the recognition criteria under AASB 15. Therefore, upon adoption of AASB 15, the standard requires an adjustment of \$5,046,000 to the opening Retained Earnings of the current year and a recognition of that sale in the current year which results in the below impacts on the Consolidated Statement of Comprehensive Income for the half year ended 31 December 2018.

Extract of the Consolidated Statement of Comprehensive Income for the half year ended 31 December 2018

	Under AASB 15 (as reported)	Under AASB 118	Impact of adoption increase/(decrease)
	\$'000	\$'000	\$'000
Revenue	317,174	296,015	21,159
Gross profit	123,810	116,601	7,209
Profit before income tax	114,414	107,205	7,209
<b>Net profit</b>	<b>79,854</b>	<b>74,808</b>	<b>5,046</b>

## Notes to the Financial Statements (Continued)

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### *New standards issued but not yet effective*

#### **AASB 16 Leases**

AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

As at the reporting date, the Group is finalising the assessment of key contracts and arrangements that may qualify as leases under the new standard and require recognition of lease liability on the balance sheet. The Group has reviewed key service contracts including mining services, drilling, haulage and power contracts and expects to recognise the power contracts and office rental contracts as a lease liability under AASB 16. The Group will continue to assess new contracts as they are entered into between now and the initial adoption date. The Group will also assess what practical expedients are available under AASB 16 upon transition.

## Notes to the Financial Statements (Continued)

### 3. Operating Segment Information

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2018 and 2017 respectively.

	Duketon North Operations		Duketon South Operations		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Segment revenue</i>								
Sales to external customers	89,449	95,267	226,511	202,769	-	-	315,960	298,036
Other revenue	-	-	-	-	1,214	954	1,214	954
Total segment revenue	89,449	95,267	226,511	202,769	1,214	954		
Total revenue per the statement of comprehensive income							317,174	298,990
<i>Segment result</i>								
Segment net operating profit/(loss) before tax	35,265	51,284	86,716	78,773	(7,567)	(8,553)	114,414	121,504
Income tax expense							(34,560)	(36,919)
Net profit after tax							79,854	84,585

#### *Segment assets*

Total assets have increased by 8% since the last annual report as a result of the expansionary activity at Duketon South to bring Tooheys Well into production and accumulation of ore stockpiles at Gloster, Rosemont, Eristoun and Garden Well. Segment assets as at 31 December and 30 June are as follows:

	Duketon North Operations		Duketon South Operations		Unallocated		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>As at 31 December</b>								
Segment operating assets	87,677	83,668	371,871	323,864	425,117	344,607	884,665	752,139
<b>As at 30 June</b>								
Segment operating assets	88,429	82,066	338,141	308,108	395,960	295,690	822,530	685,864

### 4. Revenue

	Consolidated	
	Half-year ended 31 December 2018	Half-year ended 31 December 2017
	\$'000	\$'000
<i>Revenue</i>		
Gold sales	315,960	298,035
Interest	1,214	955
	317,174	298,990

## Notes to the Financial Statements (Continued)

### 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 <sup>(i)</sup>	
	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018	31 December 2018	30 June 2018
	ounces	ounces	\$/oz	\$/oz	\$'000	\$'000	\$'000	\$'000
Within one year								
- Spot deferred contracts <sup>(ii)</sup>	420,183	388,711	1,574	1,555	661,384	604,635	(101,042)	(54,151)
	420,183	388,711			661,384	604,635	(101,042)	(54,151)

Mark-to-market has been calculated with reference to the following spot price at period end

\$1,815/oz      \$1,693/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 \$1,422/oz to \$1,827/oz (30 June 2018: \$1,416/oz to \$1,821/oz).

At 31 December 2018, the Group had a sold call option of 25,000 ounces at a strike price of \$1,830 with a maturity date of 28 June 2019.

As at 31 December 2018, the Group has no further gold sale commitments.

### 6. Expenses

	Consolidated	
	Half-year ended 31 December 2018	Half-year ended 31 December 2017
	\$'000	\$'000
<i>(a) Cost of goods sold</i>		
Cash costs of production	146,968	122,102
Royalties	13,276	12,771
Depreciation of mine plant and equipment	14,217	14,895
Amortisation of mine properties	18,903	17,637
	<u>193,364</u>	<u>167,405</u>
<i>(b) Finance costs</i>		
Interest expense	42	49
Unwinding of discount on provisions	641	602
	<u>683</u>	<u>651</u>

### 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	114,414	121,504
At the Group's statutory income tax rate of 30% (2017: 30%)	34,324	36,451
Share-based payments	198	706
Other non-deductible expenditure	3	8
Adjustment in respect of income tax of previous years	35	(246)
Income tax expense reported in the statement of comprehensive income	<u>34,560</u>	<u>36,919</u>

## Notes to the Financial Statements (Continued)

### 8. Dividends

	Consolidated	
	Half-year ended 31 December 2018 \$'000	Half-year ended 31 December 2017 \$'000
<i>Declared and paid during the half-year:</i>		
Dividends on ordinary shares		
Final dividend for 2018: 8 cents (2017: 8 cents) (fully-franked at 30%)	40,570	40,312
<i>Proposed by the directors after balance date but not recognised as a liability at 31 December:</i>		
Dividends on ordinary shares		
Interim dividend for 2019: 8 cents (2018: 8 cents) (fully-franked at 30%)	40,622	40,342
<i>Dividend franking account</i>		
Franking credits available for future years at 30% adjusted for the payment of income tax and dividends payable	28,801	16,944
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	(17,409)	(17,290)

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

### 9. Inventories

	Consolidated	
	As at 31 December 2018 \$'000	As at 30 June 2018 \$'000
<i>Current</i>		
Ore stockpiles	36,068	26,394
Gold in circuit	8,555	9,123
Bullion on hand	10,723	4,263
Consumable stores	3,218	3,658
	58,564	43,438
<i>Non-current</i>		
Ore stockpiles	53,923	45,986

At 31 December 2018, all inventory is carried at cost. At the prior year end, all inventory was carried at cost.

Bullion on hand has increased due to the adoption of the new standard AASB 15 – *Revenue from Contracts with Customers*, as this has resulted in the deferral on the recognition point for gold sales (refer Note 2).

## Notes to the Financial Statements (Continued)

### 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 2018 and 30 June 2018.

	Consolidated	
	As at 31 December 2018 \$'000	As at 30 June 2018 \$'000
<i>Financial assets at amortised cost</i>		
Receivables	7,614	5,954
<b>Total financial assets</b>	<b>7,614</b>	<b>5,954</b>
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	59,575	48,635
Obligations under finance leases		
Current	424	806
Non-current	-	36
<i>Derivatives not designated as hedging instruments</i>		
Sold gold call options	203	-
<b>Total financial liabilities</b>	<b>60,202</b>	<b>49,477</b>

#### *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.
- 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) 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.

## Notes to the Financial Statements (Continued)

### 11. Share-Based Payments

In November 2018, 373,924 Performance Rights were granted to the Executive Directors, Mr James Beyer and Mr Paul Thomas, and key management personnel, Mr Kim Massey 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	20% of the Performance Rights	The Company's relative total shareholder return ("TSR") measured against the TSRs of 10 comparator mining companies
Tranche B	20% of the Performance Rights	The Company's absolute TSR measured against specific thresholds
Tranche C	15% of the Performance Rights	The growth in the Company's earnings per share ("EPS") measured against specific thresholds
Tranche D	15% of the Performance Rights	The growth in the Company's Ore Reserve measured against specific thresholds
Tranche E	15% of the Performance Rights	McPhillamys progress against timetable and budget including permitting and scheduling
Tranche F	15% of the Performance Rights	Rosemont Underground against specific performance requirements

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, D, E and F, 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 2018
Value of the underlying security at grant date	\$4.34
Exercise price	nil
Dividend yield	4.30%
Risk free rate	2.11%
Volatility	35%
Performance period (years)	3
Commencement of measurement period	1 July 2018
Test date	30 June 2021
Remaining performance period (years)	2.60

The fair value of the Performance Rights granted during the half year was \$992,000 and the weighted average fair value was \$2.65.

For the six months ended 31 December 2018, the Group has recognised \$660,000 of share-based payment expense in the statement of comprehensive income (31 December 2017: \$2,353,000).

### 12. Commitments and Contingencies

#### *Contractual Commitments*

On 19 January 2010, the Group entered into an agreement with Pacific Energy (KPS) Pty Ltd ("KPS") for the supply of electricity to the Moolart Well Gold Mine. The terms of this agreement commit the Group to purchasing a fixed amount of electricity per month for six years from 7 July 2010 (the "Effective Date") at a price which will be reviewed annually. The agreement has been renewed for further 4 years, effective 1 September 2017. As at 31 December 2018, at the current contract price, the Group had commitments to purchase electricity for the remaining term of \$2,697,000.

On 23 June 2011, the Group entered into an agreement with Pacific Energy (KPS) Pty Ltd ("KPS") for the supply of electricity to the Garden Well Gold Mine. The terms of this agreement commit the Group to purchasing a fixed amount of electricity per month for 5 years from 1 September 2012 (the "Effective Date") at a price which will be reviewed annually. The agreement was amended, effective 1 October 2013, to incorporate Rosemont Gold Mine's power requirements. On 1 September 2017, the agreement was renewed for further 3 years. As at 31 December 2018, at the current contract price, the Group had commitments to purchase electricity for the remaining term of \$8,715,000.

#### *Operating Lease Commitments*

On 1 June 2018, the Group signed a new lease contract for the Perth office for initial period of 3 years. The previous Perth office has been sublet from 1 November 2018. Both of these arrangements are likely to qualify as a lease under the new accounting standard, AASB 16.

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

## Notes to the Financial Statements (Continued)

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### 13. Subsequent Events

On 19 February 2019 the directors declared an interim dividend of 8 cents per share on ordinary shares (refer note 8). The dividend will be paid on 25 March 2019.

The Company exercised a call option on 21 January 2019 for land acquired in NSW, and subsequently paid \$6,257,997 upon settlement on 4 February 2019.

On 3 January 2019, the Company entered into a spot deferred contract of 50,000 ounces with a delivery price of \$1,860 per ounce with Macquarie Bank Ltd.

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 2018.



## 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 2018 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 2018 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



James Beyer  
Chief Executive Officer and Managing Director  
Perth, 19 February 2019



# Independent Auditor's Review Report

To the shareholders 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 2018 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 2018
- 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*
- 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 2018 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

A handwritten signature in blue ink, appearing to read 'R Gambitta'.

R Gambitta  
Partner

Perth

19 February 2019