

7 September 2012

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

www.regisresources.com

Level 1  
1 Alvan Street  
Subiaco WA 6008 Australia

PO Box 862  
Subiaco WA 6904 Australia

P 08 9442 2200  
F 08 9442 2290

## REGIS RECORDS \$68M PROFIT AFTER TAX

The board of Regis Resources Limited is pleased to announce a profit after tax of \$68.2 million for the year ended 30 June 2012.

Summary of financial results:

	2012	2011	Change \$	Change %
Gold sales (\$'000)	170,355	107,924	+62,431	+58%
Profit before tax (\$'000)	74,749	36,281	+38,468	+106%
Profit after tax (\$'000)	68,239	36,281	+31,958	+88%
Basic earnings per share (cents)	15.51	8.54	+6.97	+82%
Gold sales (ounces)	107,093	72,342		
Sale price (\$/oz)	1,574	1,402		
Cash operating cost pre royalties (\$/oz)	512	545		

- The strong profit result of \$68.2 million, up 88% on the prior year, reflected the full year of operations at the Moolart Well Gold Mine in 2012. The project commenced commercial operations part way through the prior year.
- Gold sales revenue of \$170.4 million was up \$62.4 million (58%) on the prior year as a result of the higher gold production and the higher realised gold price of \$1,574 per ounce compared with \$1,402 per ounce in the prior year.
- The cash cost of production for the year of \$512 per ounce reflected the steady state of operations and reserve grade mined during the period. The prior period cost of \$545 per ounce was affected by commissioning costs and the ramp up phase which has since culminated in the processing plant operating at a throughput in the order of 25% higher than nameplate design.

- The operating results at the Moolart Well Gold Mine for the year were as follows:

		2012	2011
Ore mined	Tonnes	2,557,001	2,027,872
Ore milled	Tonnes	2,541,158	1,972,179
Head grade	g/t	1.39	1.40
Recovery	%	93	91
Total production	Ounces	105,413	80,918

- Cash flow from the Moolart Well operation for the year was \$102.2 million (2011: \$52.2 million)
- Cash and gold bullion holdings of \$9.7 million as at 30 June 2012 (2011: \$33.9m).
- Cash expenditure during the year on the development of the Garden Well project was \$114.5 million, all funded out of operating cashflow.
- No debt drawdown was required to complete the development of the Garden Well project.

## OUTLOOK

- Gold production commenced at the Garden Well Gold Project in early September 2012.
- Gold production from Garden Well for 2013 is forecast at between 220,000 – 240,000 ounces at a pre royalty cash cost of between \$400 - \$450 per ounce.
- Gold production from Moolart Well for 2013 is forecast at between 95,000 – 105,000 ounces at a pre royalty cash cost of between \$540 - \$590 per ounce.
- Regis also expects to commence development of the Rosemont Gold Deposit in the December 2012 quarter. It is expected that development of the Rosemont project will lift Regis gold production to in excess of 400,000 ounces per annum.
- Completion of the transaction to acquire the McPhillamys Gold Project in NSW expected in October 2012 with a resource drill out to commence immediately thereafter.

Yours sincerely  
**Regis Resources Ltd**



Mark Clark  
**Managing Director**



ABN 28 009 174 761

**and its Controlled Entities**

**Financial Report for the Year Ended**

**30 June 2012**

---

## CONTENTS

Corporate Information .....	1
Directors' Report .....	2
Remuneration Report (audited) .....	12
Auditor's Independence Declaration .....	18
Consolidated Statement of Comprehensive Income .....	19
Consolidated Statement of Financial Position .....	20
Consolidated Statement of Changes in Equity .....	21
Consolidated Statement of Cash Flows .....	22
Notes to the Financial Statements .....	23
Directors' Declaration .....	61
Independent Auditor's Report .....	62

## **CORPORATE INFORMATION**

ABN 28 009 174 761

### **Directors**

Nick Giorgetta (Independent Non-Executive Chairman)  
Mark Clark (Managing Director)  
Morgan Hart (Executive Director)  
Ross Kestel (Independent Non-Executive Director)  
Mark Okeby (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.

### **Bankers**

Macquarie Bank Limited  
Level 4, Bishops See  
235 St Georges Terrace  
PERTH WA 6000

### **Auditors**

KPMG  
235 St Georges Terrace  
PERTH WA 6000

## **DIRECTORS' REPORT**

Your directors submit their report for the year ended 30 June 2012.

### **Directors**

The directors of the Company in office since 1 July 2011 and up to the date of this report, unless otherwise stated, are:

***Mr Nick Giorgetta, (Independent Non-Executive Chairman)***

Mr Giorgetta joined the board of Regis Resources Limited in May 2009 as Non-Executive Chairman. Prior to this Mr Giorgetta was a founding director of Equigold NL. He is a metallurgist with over 39 years of experience in the mining industry. He began his professional career in various technical roles for a major mining company in Kalgoorlie. He later established his own metallurgical consultancy which designed and commissioned a number of gold treatment plants. From 1988 to 1994 he was Managing Director of Samantha Gold NL.

He retired as Managing Director of Equigold in November 2005 and assumed the role of Executive Chairman. He held this position until Equigold's merger with Lihir Gold Limited in June 2008.

During the past three years, Mr Giorgetta has not served as a director of any other ASX listed companies.

Mr Giorgetta is a fellow of the Australasian Institute of Mining and Metallurgy.

***Mr Mark Clark, B.Bus CA (Managing Director)***

Mr Clark has over 22 years experience in corporate advisory and public company management. Prior to joining Regis Resources Limited, Mr Clark was the Managing Director of Equigold NL.

He joined Equigold in 1995 and originally held the roles of Chief Financial Officer and Company Secretary and was responsible for the financial, administration and legal functions of the company. He was closely involved in the development and operation of Equigold's projects in both Australia and the Ivory Coast.

He was a director of Equigold from April 2003 and was Managing Director from December 2005 until Equigold's merger with Lihir Gold Limited in June 2008.

Prior to Equigold Mr Clark held a senior position at an international advisory firm, providing financial and corporate advice to clients in the mining industry.

During the past three years, Mr Clark has not served as a director of any other ASX listed companies.

Mr Clark is a member of the Institute of Chartered Accountants in Australia.

***Mr Morgan Hart, (Executive Director)***

Mr Hart is a geologist with over 22 years of experience in the gold mining industry. He joined Regis Resources Limited in May 2009 as the Company's Operation Director. Prior to joining Regis Mr Hart was an Executive Director with Equigold NL. He joined Equigold NL in 1994 and held senior management positions in exploration and mining operations, including General Manager at the Mt Rawdon Gold Mine from 2005 to 2007. He was appointed to the position of General Manager of Operations of Equigold in March 2007 and was appointed a director of the company at the same time. His key responsibility during this period included overseeing the development and operational start up at the Bonikro Gold Mine in Ivory Coast.

During the past three years Mr Hart has not served as a director of any other ASX listed companies.

Mr Hart is a member of the Australasian Institute of Mining and Metallurgy.

## **DIRECTORS' REPORT (CONTINUED)**

---

### ***Mr Ross Kestel, B.Bus, CA, AICD (Independent Non-Executive Director)***

Mr Kestel is a Chartered Accountant and was a director of a mid tier accounting practice for over 25 years and has a strong corporate and finance background.

He has acted as a director and company secretary of a number of public companies involved in mineral exploration, mining, mine services, property development, manufacturing and technology industries.

Mr Kestel is currently a non executive director of the following ASX listed companies:

- Resource Star Limited;
- Xstate Resources;
- Equator Resources Limited; and
- Beadell Resources Limited.

During the past three years he has also served as a non executive director of the following ASX listed companies:

- VDM Group Limited (August 2005 to March 2011);
- Jabiru Metals Limited (August 2003 to May 2011);
- Jatenergy Limited (September 2007 to May 2012)
- Dioro Exploration NL (April 2008 to February 2010); and
- Blackcrest Resources Limited (June 2006 to October 2010).

Mr Kestel is a member of the Australian Institute of Company Directors.

### ***Mr Mark Okeby, LLM (Independent Non-Executive Director)***

Mr Okeby has over 25 years experience in the resources industry as a solicitor and as a director of listed companies. He was admitted to practice law in Western Australia in 1979 and holds a Master of Laws (LLM).

He was an executive director of gold producers Hill 50 Limited (1996-2003) and Abelle Limited (2003-2004) before both were taken over by Harmony Gold Ltd in 2002 and 2004 respectively, and was a director of Harmony Gold Australia Ltd until mid 2003. More recently he has been a non-executive director of Lynas Corporation Ltd (2004 - 2005) and an executive and non-executive director of Metals X Limited (2004-2009).

During the past three years he has also served as a non-executive director of ASX listed Westgold Resources Limited (March 2007 to March 2010).

## **Company Secretary**

### ***Mr Kim Massey, B.Com, CA***

Mr Massey is a Chartered Accountant with significant experience in financial management and corporate advisory services, particularly in the resources sector, as a corporate advisor and company secretary for a number of ASX and AIM listed companies.

## **Dividends**

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year and up to the date of this Report.

## **Nature of Operations and Principal Activities**

The principal activities of entities within the consolidated entity during the year were:

- production of gold from the Moolart Well gold mine;
- construction of the Garden Well gold mine; and
- exploration, evaluation and development of gold projects in the Eastern Goldfields of Western Australia.

There have been no significant changes in the nature of these activities during the year.

## DIRECTORS' REPORT (CONTINUED)

### Operating and Financial Review

#### RESULT FOR THE YEAR

The Group's net profit for the year after tax was \$68,239,534 (2011: \$36,280,814). The increase in the result is due to a full year of operations at the Moolart Well gold mine as discussed in the Review of Operations below.

#### OPERATIONS – MOOLART WELL

Moolart Well Gold Mine operating results for the 12 months to 30 June 2012 are as follows:

		30 June 2012 (12 months)	30 June 2011 (11 months)
Ore mined	Tonnes	2,557,001	2,027,872
Ore milled	Tonnes	2,541,158	1,972,179
Head grade	g/t	1.39	1.40
Recovery	%	93	91
Gold production	Ounces	105,413	80,918
Cash cost per ounce – pre royalties <sup>(i)</sup>	A\$/oz	\$512	\$545
Cash cost per ounce – incl. royalties <sup>(i)</sup>	A\$/oz	\$585	\$600

(i) Cash cost per ounce is calculated as costs of production relating to gold sales (Note 7(a)), excluding gold in circuit inventory movements divided by gold ounces produced. The calculation is presented both including and excluding the cost of royalties (Note 7(a)). This measure is included to assist investors to better understand the performance of the business. Cash cost per ounce is a non-IFRS measure, and where included in this report, has not been subject to review by the Group's external auditors.

Moolart Well completed its first full year of operations producing 105,413 ounces of gold at a pre-royalty cash cost of \$512 per ounce. Mill through-put exceeded the name-plate design of 2 million tonnes per annum during the year operating at a throughput rate 27% above name-plate capacity of approximately 2.54 million tonnes per annum.

During the year, 1.15 million bcm of ore and 4.37 million bcm of waste material were mined from the Moolart Well open pits for a total material movement of 5.52 million bcm. Of the total ore mined, 870,000 bcm was mined from laterite pits and 280,000 bcm was mining from the oxide deposits. The stripping ratio of 3.8 achieved for the year is higher than the life of mine stripping ratio as a result of better dig rates achieved in the blasted waste in the laterite pits which has exposed a total of 2.39 million tonnes of ore at 1.42g/t for 109,007 ounces.

#### DEVELOPMENT – GARDEN WELL

Development of the Garden Well Gold Mine commenced on a staged development programme with site earthworks and camp installation commencing in July 2011. The mining contractor, Mining and Civil Australia, commenced pre-production mining in the December 2011 quarter and by the end of June 2012 a total of 6.1 million bcm of material had been mined from the stage 1 pit. Significant areas of oxide ore had been exposed in the pit by the end of the year to provide ore supply for commencement of milling operations in August 2012.

By the end of the financial year a total of \$123.8 million had been spent on the project including \$91.8 million on plant construction out of a budget of \$109 million and \$32.0 million on pre-production mining.

In August 2012 Regis announced practical completion on the construction of the Garden Well Gold Mine with the successful commissioning of the processing plant. The project was completed on time and materially in line with budget. Early indications of commissioning are that the Crushing and Milling circuits are performing to expectation with very little work required to bring the circuit to a steady state of operation allowing the operational team to commence optimising the throughput of the circuit.



## DIRECTORS' REPORT (CONTINUED)

### RESERVES AND RESOURCES

#### *Garden Well*

In November 2011 Regis announced an updated Resource (reported in accordance with the JORC code) for the Garden Well Gold Deposit of 2.56 million ounces of contained gold. The Resource was estimated by independent geological consultants EGRM Consulting Pty Ltd using the estimation technique Multiple Indicator Kriging. The estimate is based on a block size of 20 m x 20 m x 5 m and a selective mining unit size of 5 m x 5 m x 2.5 m above a 0.5g/t Au lower cut off grade.

The updated Resource is as follows:

Category	Tonnes	Gold Grade	Contained Gold
	(Millions)	(g/t)	(Ounces)
Indicated	44.7	1.33	1,913,700
Inferred	17.2	1.20	644,300
	61.9	1.29	2,558,000

Notes: Rounded to two significant figures. Rounding errors may occur.

#### *Rosemont*

In November 2011, Regis also announced an updated Resource (reported in accordance with JORC code) for the Rosemont Gold Deposit of 1.09 million ounces of contained gold. The update was a result of a re-estimation of the previously quoted 815,000 ounce resource.

The re-estimation was completed as an independent, first principles study after a review of the geological database by Regis. The Resource was estimated by independent geological consultants EGRM Consulting Pty Ltd using the Multiple Indicator Kriging estimation technique on a block size of 10 m x 20 m x 5 m. Based on the Multiple Indicator Kriging a selective mining estimate above a 0.5 g/t Au cut-off was generated to replicate a SMU size of 5 m x 5 m x 2.5 m.

The updated Resource is as follows:

Category	Tonnes	Gold Grade	Contained Gold
	(Millions)	(g/t)	(Ounces)
Indicated	14.6	1.68	793,200
Inferred	6.7	1.30	284,700
	21.3	1.57	1,077,900

Notes: Rounded to two significant figures. Rounding errors may occur.

Following the upgrade to the Resource, Regis announced a maiden ore Reserve (reported in accordance with JORC code) at Rosemont of 487,000 ounces of contained gold. The breakdown of the Reserve is as follows:

Category	Tonnes	Gold Grade	Contained Gold
	(Millions)	(g/t)	(Ounces)
Proven	-	-	-
Probable	8.7	1.73	487,000
	8.7	1.73	487,000

Notes: 0.5 g/t Au lower cut off grade. Rounded to two significant figures.

## DIRECTORS' REPORT (CONTINUED)

The maiden Reserve has been estimated after completion of an open pit mining and Carbon in Leach extraction reserve study which included:

- Pit optimisation using wall angles based on geotechnical drill holes, independent geotechnical advice and allowances for ramps;
- 100% mining recovery and 10% mining dilution;
- Bulk densities and metallurgical parameters from test work;
- Mining costs based on indicative contractor quotation;
- Milling and other operating costs based on current known operating costs adapted for ore type and metallurgy.

Key results of the reserve study include:

<b>Physical</b>		
Total pit volume	bcm	24,559,905
Stripping ratio – tonnes	w/o	5.61
Ore	Tonnes	8,737,260
Gold grade	g/t	1.73
Contained gold	Ounces	487,145
Milling recovery	%	95
Recovered gold	Ounces	462,788
<b>Operating Costs &amp; Surplus</b>		
Mining cost	A\$/tonne	\$23.65
Milling cost	A\$/tonne	\$9.13
Administration cost	A\$/tonne	\$0.50
<b>Total operating cost per tonne</b>	<b>A\$/tonne</b>	<b>\$33.28</b>
<b>Total operating cost per ounce*</b>	<b>A\$/oz</b>	<b>\$628</b>
Operating surplus <sup>#</sup>	A\$ million	\$357

\* before royalties

# using a gold price of A\$1,400/oz

In addition to the operating costs above there is an estimated capital cost of approximately \$29 million to mine a 6.7 million bcm overburden pre-strip in the first 20 metres below surface.

This Reserve has been estimated to a maximum depth of 235 metres below surface, with 80% of the contained gold within 150 metres of surface. The pit optimisation was completed using a A\$1,000 per ounce gold price.

Since the announcement of the Reserve the Company has commenced a feasibility study into the development of the project based on a crushing and grinding circuit located at the Rosemont deposit and an ore slurry pipeline to the Garden Well processing facility.

## DIRECTORS' REPORT (CONTINUED)

### GOLD EXPLORATION

Regis completed the following drilling during the year:

#### By Drilling Type:

Type	No. Holes	Metres
Aircore	747	56,601
RC	329	49,928
Diamond	15	5,789
<b>Total</b>	<b>1,083</b>	<b>112,318</b>

#### By Project:

Project	Metres
Garden Well	21,359
Anchor	23,274
Salt Soak	21,863
Petra	11,445
Rosemont	10,969
Moolart Well	2,970
Ingi Jingi	4,692
Other	15,746
<b>Total</b>	<b>112,318</b>

#### Garden Well

RC and diamond drilling recommenced at Garden Well in late January 2012 to define the extent of gold mineralisation south of the current Resource and Reserve envelopes where the deposit is still open down dip and along strike. Drilling in this area was previously suspended in May 2011 due to heritage survey and associated requirements.

RC drilling in 2012 has confirmed that the Garden Well gold mineralised zone extends south to at least 6911640mN, a distance of 480 metres beyond the current southern Reserve limit at 6912120mN in the planned open pit. Gold mineralisation remains open to south beyond the current extremity of RC drilling.

The results from this drilling show a change in the gold mineralised host rock south of the current reserve envelope from dominantly talc-carbonate ultramafic rocks to black shale and silicified shale and chert with minor gold mineralisation in Banded Iron Formation. The new host stratigraphy shows different alteration dominated by silica and pyrite. It is likely that the shear zone hosting the Garden Well ore body is traversing the local stratigraphy and migrating further east from a dominantly ultramafic host to a predominantly sedimentary stratigraphy as the shear zone is drilled further south.

The down dip extent of this new gold mineralisation has not been fully defined. RC and diamond drilling is planned to test this new mineralisation down to 300 metres below surface. RC drilling will also continue further south of line 6911640mN (southern extremity of current drilling) with a focus on defining the southern extent of gold mineralisation. A further 60 RC holes are planned to fully define the gold mineralised zone down dip and to the south.

This drilling will continue in the September 2012 quarter and is expected to form the basis of updated Resource and Reserve estimations to be completed in the December 2012 quarter.

#### Rosemont

RC drilling commenced at Rosemont in March 2012 to define the extent of gold mineralisation immediately north of the current Rosemont open pit design. The current Rosemont open pit is based on the November 2011 maiden Reserve estimate of 8.7Mt @ 1.73 g/t for 487,000 ounces of gold and Resource estimate of 21.3Mt @ 1.57 g/t for 1.08 million ounces of gold. The Resource extends approximately 800 metres north of the current open pit design. In this area the Resource is based on shallow RC and Aircore drilling and is entirely in the Inferred category.

The completed drilling programme of 51 RC holes for 13,634 metres was designed to convert Resources into the Indicated category and to extend the Resource envelope. Twenty three (23) of the 51 holes in the programme (RMRC001, 003-006, 008, 012-013, 016, 018-021, 023, 034, 036, 038-041, 045-047) were drilled outside of the current Inferred Resource envelope. The remaining holes were drilled inside the Inferred Resource envelope and should provide sufficient density of drilling to allow conversion of resources in this area to Indicated category.

The RC drilling completed in 2012 has confirmed that the gold mineralised zone at Rosemont continues for at least 800 metres NNW of the current open pit design and is still open north of the current limit of drilling. Further drilling

## **DIRECTORS' REPORT (CONTINUED)**

---

is planned north of the completed RC programme to fully define the northern extent of Rosemont gold mineralisation.

A second phase of 10 RC holes is planned to fully define the gold mineralised zone up and down dip of current holes and further RC drilling is still to be planned to the north of the completed programme. Diamond drilling is planned for geotechnical and metallurgical studies.

### *Moolart Well*

During the year Regis continued an ongoing drilling programme designed to test for extensions to and infill of the known mineralisation in and around the oxide gold Resources associated with the Moolart Well Gold Project. A total of 23 Aircore holes for 635 metres were drilled at Moolart Well focusing on the Mid Pit South project. In addition 24 RC holes for 3,145 metres were drilled predominately on the Blenheim and Wellington North projects. This work is in line with the Company's strategy of annually updating Reserves at Moolart Well to replace the depletion of the previous year's mining activities with a view to maintaining a 5 year life at Moolart Well for as long as possible.

### *Regional*

An ongoing regional gold exploration drilling programme targeting the structures between the Moolart Well and Garden Well gold deposits commenced in the June 2011 quarter and continued during year. A number of high priority targets were identified under barren palaeochannel cover over the north-south gold mineralised structure including the Anchor South, Ingi Jingi, Anchor North and Butcher Well gold targets.

Of the targets identified to date, the Anchor South gold target proved to be the most promising. Anchor South is located 4.5 kilometres south of the Anchor pit. Aircore drilling was conducted on the target in the second half of the year to follow up anomalous gold mineralisation identified by drilling in 2011. The target was the main gold shear zone extending south through the Anchor open pit under shallow palaeochannel material. Gold mineralisation trends north-south over a strike distance of 500 metres and has a moderate east dip. Gold grades are strongly influenced by the saprock weathering interface. Wireframes will be updated and the economic potential of the project will be reviewed in the coming months.

Numerous gold targets have also been identified under shallow palaeochannel cover in the Gum Well to Hootanui corridor over a 20-30 kilometre strike north west of Rosemont. The gold bearing shear zone hosts significant known gold deposits (the largest of which is Rosemont) and to date very limited effective drilling has been undertaken to test the strike extent of the structure.

Regis conducted an Aircore drilling programme over the Gum Well Corridor in the June 2012 quarter. This was very early stage regional drilling with drill traverses on average one kilometre apart and holes on each line approximately 160 metres apart. Significant further drilling is required to follow up this first pass drilling.

## **Significant Changes in the State of Affairs**

There have been no significant changes in the state of affairs other than those listed in the review of operations above.

## DIRECTORS' REPORT (CONTINUED)

---

### Significant Events after the Balance Date

#### *Exercise of Options*

Subsequent to year end, 837,673 ordinary shares have been issued as a result of the exercise of listed options for proceeds of \$697,197, net of transaction costs.

#### *Acquisition of McPhillamys Gold Project*

On 9 August 2012, Regis announced to the ASX that it had executed a letter of agreement to acquire the McPhillamys Gold Project in the Bathurst region of New South Wales.

The agreement is with the joint venture owners of the project, Newmont Exploration Pty Ltd (51%), a subsidiary of Newmont Mining Corporation, and Alkane Resources Ltd (49%). The total consideration to be paid is \$150 million, to be allocated between Newmont and Alkane in their respective joint venture interests. The consideration payable to both parties will be satisfied by the issue of Regis shares. The number of shares to be issued will be calculated based on an issue price of \$4.20 per share, being the 45 trading day VWAP of Regis shares ending on the date of the letter of agreement.

The property to be acquired includes three exploration licences (including the gold resource), mining information, two freehold properties overlapping part of the project area and other minor plant and equipment.

The completion of the transaction is subject to the satisfaction within 90 days of a number of conditions precedent in the Regis offer, including shareholder approval of the issue of shares to Newmont.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature which, in the opinion of the directors of the Group, has significantly affected or is likely to significantly affect:

- the operations of the Group;
- the results of those operations; or
- the state of affairs of the Group

in future financial years.

### Likely Developments and Expected Results

There are no likely developments of which the directors are aware which could be expected to significantly affect the results of the Group's operations in subsequent financial years not otherwise disclosed in the Principal Activities and Operating and Financial Review or the Significant Events after the Balance Date sections of the Directors' Report.

### Environmental Regulation and Performance

The operations of the Group are subject to environmental regulation under the laws of the Commonwealth and the State of Western Australia. The Group holds various environmental licenses issued under these laws, to regulate its mining and exploration activities in Australia. These licenses include conditions and regulations in relation to specifying limits on discharges into the air, surface water and groundwater, rehabilitation of areas disturbed during the course of mining and exploration activities and the storage of hazardous substances.

All environmental performance obligations are monitored by the board of directors and subjected from time to time to Government agency audits and site inspections. There have been no material breaches of the Group's licenses and all mining and exploration activities have been undertaken in compliance with the relevant environmental regulations.

## DIRECTORS' REPORT (CONTINUED)

### Share Options

#### *Unissued Shares*

At the date of this report, the Company had the following unissued shares under listed and unlisted options.

Maturity Date	Exercise Price	Number outstanding
<i>Listed options</i>		
31 October 2012	\$1.0000	1,329,106
31 January 2014	\$0.5000	5,598,063
<i>Unlisted options</i>		
4 February 2014	\$0.1348	90,000
30 June 2014	\$0.4205	750,000
29 September 2014	\$1.0000	2,600,000
29 April 2015	\$2.2300	950,000
8 November 2015	\$2.7500	575,000
8 November 2015	\$3.0000	500,000
2 February 2016	\$3.9300	250,000
30 June 2016	\$4.0000	1,285,000
<b>Total</b>		<b>13,927,169</b>

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Details of options granted to directors and other key management personnel during the year are set out in the remuneration report.

#### *Shares Issued as a Result of the Exercise of Options*

During the financial year, employees and executives have exercised options to acquire 538,890 fully paid ordinary shares in Regis Resources Limited at a weighted average exercise price of \$0.7919 per share.

In addition 11,100,000 fully paid ordinary shares in Regis Resources Limited were issued as a result of the exercise of options sold by employees and executives to a third party. The weighted average exercise price was \$0.7322 per share.

### Indemnification and Insurance of Directors and Officers

The Company has entered into an Indemnity Deed with each of the directors which will indemnify them against liabilities incurred to a third party (not being the Company or any related company) where the liability does not arise out of negligent conduct including a breach of good faith. The Indemnity Deed will continue to apply for a period of 10 years after a director ceases to hold office. The Company has entered into a Director's Access and Insurance Deed with each of the directors pursuant to which a director can request access to copies of documents provided to the director whilst serving the Company for a period of 10 years after the director ceases to hold office. There are certain restrictions on the directors' entitlement to access under the deed. In addition the Company will be obliged to use reasonable endeavours to obtain and maintain insurance for a former director similar to that which existed at the time the director ceased to hold office.

The Company has, during or since the end of the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the directors, secretaries, executive officers and employees of the Company and any related bodies corporate as defined in the insurance policy. The insurance grants indemnity against liabilities permitted to be indemnified by the Company under Section 199B of the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

## DIRECTORS' REPORT (CONTINUED)

### Directors' Meetings

The number of directors' meetings held (including meetings of Committees of the Board) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board	Audit and Risk Management Committee	Remuneration and Nomination Committee
<b>Number of meetings held:</b>	7	2	1
<b>Number of meetings attended:</b>			
N Giorgetta	7	2	1
M Clark	7	n/a	n/a
M Hart	7	n/a	n/a
R Kestel	7	2	1
M Okeby	7	2	1

All directors were eligible to attend all meetings held.

#### Committee Membership

As at the date of this report, the Company had an Audit and Risk Management Committee and a Remuneration and Nomination Committee of the board of directors.

Members acting on the committees of the board during the year were:

Audit and Risk Management Committee	Remuneration and Nomination Committee
R Kestel (Chairman)	R Kestel (Chairman)
N Giorgetta	N Giorgetta
M Okeby	M Okeby

### Auditor Independence and Non-Audit Services

During the year, KPMG, the Company's auditor, also provided taxation advice over research and development credits.

KPMG received or are due to receive the following amounts for the provision of non-audit services:

	\$
Tax advice	24,086

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is attached to the Directors' Report.

### Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

## REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2012 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term “executive” includes the Managing Director, executive directors, senior executives, general managers and company secretaries of the Parent and the Group.

### Key Management Personnel

Details of KMPs of the Company and Group are set out below:

#### *Directors*

N Giorgetta	Chairman (non-executive)
M Clark	Managing Director
M Hart	Operations Director
R Kestel	Director (non-executive)
M Okeby	Director (non-executive)

#### *Key Management Personnel*

J Balkau	General Manager – Exploration
M Ertzen	Development Manager
M Evans	Projects Manager
T Hinkley	General Manager – Moolart Well Gold Mine
K Massey	Chief Financial Officer and Company Secretary
R Smith	General Manager – Garden Well Gold Mine

### Principles of Remuneration

Remuneration levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced key management personnel. The Remuneration and Nomination Committee’s decisions on the appropriateness of remuneration packages are based on the competitive state of the employment market for different specific skill sets, independently sourced market surveys related to the resources sector and the need to incentivise personnel to meet the Group’s strategic objectives.

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group and other executives. Key management personnel comprise the directors and executives of the Company and Group.

The remuneration structures explained below are designed to attract suitably qualified candidates, reinforce the imperative to meet the strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel;
- the ability of key management personnel to influence the Group’s performance; and
- the mix of cash and option incentives within each key management personnel’s remuneration package.

Remuneration packages include a mix of cash and longer-term performance based incentives.



## REMUNERATION REPORT (AUDITED) (CONTINUED)

The Group's financial performance over the past five years has been as follows:

In thousands of AUD	2012	2011	2010	2009	2008
Revenue	171,504	108,651	777	524	135
Net profit/(loss) after tax	68,239	36,281	(18,829)	(91,845)	(2,287)
Basic earnings/(loss) per share (cents)	15.51	8.54	(5.58)	(36.84)	(1.72)
Diluted earnings/(loss) per share (cents)	15.18	8.24	(5.58)	(36.84)	(1.72)
Net assets	237,934	140,278	81,784	35,969	108,357

As the Company is transitioning to production, historical earnings are not yet an accurate reflection of Company performance and cannot be used as a long term incentive measure. Consideration of the Company's earnings will be more relevant as the Company matures. Historical and current earnings are one of a number of criteria used by the Remuneration and Nomination Committee to assess the performance of directors and executives. Other criteria used in this assessment include gold production and operating costs, execution of development projects, exploration success, growth of business through acquisitions and effectiveness of communications with regulators, shareholders, investors and other stakeholders.

### Fixed Remuneration

Fixed remuneration consists of base remuneration (including any fringe benefit tax charges related to employee benefits), as well as employer contributions to superannuation funds. The Company allows key management personnel to salary sacrifice superannuation for additional benefits (on a total cost basis).

Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the key management personnel's remuneration is competitive in the market place, as required. No external consultants were utilised during the current financial year.

### Performance-Linked Remuneration

Performance linked remuneration includes both long-term and short term incentives and is designed to reward key management personnel for meeting or exceeding their objectives.

#### *Short-term incentives*

Each year the Executive Directors review the performance of the key management personnel and makes recommendations to the Remuneration and Nomination Committee in relation to the awarding of any short-term incentives.

In addition, the Remuneration and Nomination Committee assess the actual performances of the Group, the separate departments and the individuals' personal performance. A cash bonus may be recommended at the discretion of the Remuneration and Nomination Committee where Group and department objectives have been met or exceeded.

The Remuneration and Nomination Committee recommends the cash incentive to be paid to the executive directors for approval by the Board. No such bonuses have been recommended this year.

#### *Long-term incentives*

Options are issued under the Regis Resources Limited 2008 Share Option Plan (the "Plan"). The objective of the Plan is to link the achievement of the Group's operational targets with the remuneration received by the key management personnel charged with meeting those targets. The total potential long term incentive available is set at a level so as to provide sufficient incentive to the KMP to achieve the operational targets such that the cost to the Group is reasonable in the circumstances.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

The Plan provides for key management personnel and employees to receive a set amount of options over ordinary shares for no consideration. The ability to exercise the options is conditional upon the employee remaining with the Group throughout the vesting period. There are no other performance criteria that must be met.

### Service Agreements

Mr Mark Clark, the Company's Managing Director, is employed under a fixed term contract, with the following significant terms:

- An initial term of 3 years from 4 May 2009, which was extended for a further 3 years effective from 4 May 2012;
- Fixed remuneration of \$480,000 per annum (2011: \$330,000) subject to annual review; and
- Opportunity to earn a performance based bonus determined by the Company.

Mr Morgan Hart, the Company's Operations Director, is employed under a fixed term contract, with the following significant terms:

- An initial term of 3 years from 4 May 2009, which was extended for a further 3 years effective from 4 May 2012;
- Fixed remuneration of \$465,000 per annum (2011: \$308,000) subject to annual review; and
- Opportunity to earn a performance based bonus determined by the Company.

The Managing Director's and Operations Director's termination provisions are as follows:

	Notice Period	Payment in Lieu of Notice	Entitlement to Options on Termination
Employer initiated termination:			
- without reason	3 months plus 9 months' salary	12 months	1 month to exercise, extendable at Board discretion
- with reason	Not less than 3 months	Not less than 3 months	
- serious misconduct	0 – 1 month	0 – 1 month	
Employee initiated termination	3 months	Not specified	As above
Change of control	1 month plus 12 months' salary	Not specified	As above

The Group has entered into service contracts with each key management person. The service contract outlines the components of remuneration paid to each key management personnel but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the key management person and any changes required to meet the principles of the remuneration policy. The key management personnel are also entitled to receive on termination of employment statutory entitlements of accrued annual and long service leave, and any accrued superannuation contributions would be paid to their fund.

The Company has a Redeployment and Redundancy Policy that is applicable to all employees including executives. Under that policy, in the case of a genuine redundancy, executives would receive a payment of up to six months total remuneration package plus two weeks for each completed year of service, subject to a maximum total payment of twelve months total remuneration.

### Non-Executive Directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2011 AGM, is not to exceed \$500,000 per annum. At the date of this report, total non-executive directors' base fees are \$268,000 per annum. Non-executive directors' fees cover all main board activities and membership of board committees. Non-executive directors do not receive any benefits on retirement. From time to time, non-executive directors may provide consulting services to the Company and in these cases they are paid consulting fees in line with industry rates.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### Key Management Personnel Remuneration

Table 1: Remuneration for the year ended 30 June 2012

2012	Short Term			Post Employment	Long Term	Share-based Payment	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	%
<i>Executive Directors</i>								
M Clark	480,000	-	13,930	43,200	3,841	-	540,971	-
M Hart	465,000	-	12,382	41,850	3,761	-	522,993	-
<i>Non-Executive Directors</i>								
N Giorgetta	101,000	-	5,485	9,090	-	-	115,575	-
R Kestel	66,000	-	5,485	5,940	-	-	77,425	-
M Okeby	66,000	-	5,485	5,940	-	-	77,425	-
<i>Other KMP</i>								
J Balkau	280,833	-	12,382	25,275	14,642	-	333,132	-
M Ertzen	252,083	-	12,382	22,688	2,061	75,633	364,847	20.73%
M Evans	281,667	-	5,485	25,350	2,251	113,450	428,203	26.49%
T Hinkley	249,583	-	5,485	22,463	722	75,634	353,887	21.37%
K Massey	252,083	-	12,382	22,688	1,991	89,642	378,786	23.66%
R Smith <sup>(i)</sup>	187,500	-	5,485	16,875	-	178,300	388,160	45.93%
<b>Total</b>	<b>2,681,749</b>	<b>-</b>	<b>96,370</b>	<b>241,359</b>	<b>29,269</b>	<b>532,659</b>	<b>3,581,406</b>	

(i) R Smith commenced with the Company on 1 November 2011 in the role of General Manager – Garden Well Gold Project.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

Table 2: Remuneration for the year ended 30 June 2011

2011	Short Term			Post Employment	Long Term	Share-based Payment	Total	Performance Related
	Salary & Fees	Cash Bonus	Non-Monetary Benefits	Super-annuation	Long Service Leave	Options		
	\$	\$	\$	\$	\$	\$	\$	%
<i>Executive Directors</i>								
M Clark	327,500	-	6,961	29,475	1,117	-	365,053	-
M Hart	305,667	-	6,316	27,510	1,042	-	340,535	-
<i>Non-Executive Directors</i>								
N Giorgetta	91,743	-	-	8,257	-	-	100,000	-
R Kestel	59,625	-	-	4,541	-	-	64,166	-
M Okeby	60,869	-	-	5,478	-	-	66,347	-
<i>Other KMP</i>								
J Balkau (i)	248,662	50,000	6,316	26,880	18,854	-	350,712	14.26%
M Ertzen (ii)	218,333	20,000	6,316	21,450	723	75,633	342,455	27.93%
M Evans (ii)	247,083	150,000	-	35,738	845	113,450	547,116	48.15%
T Hinkley	219,167	-	-	19,725	725	75,633	315,250	23.99%
K Massey	218,333	-	6,316	19,650	681	80,813	325,793	24.81%
<b>Total</b>	<b>1,996,982</b>	<b>220,000</b>	<b>32,225</b>	<b>198,704</b>	<b>23,987</b>	<b>345,529</b>	<b>2,817,427</b>	

(i) Mr Balkau was awarded a cash bonus for the discovery of the Garden Well Gold Project.

(ii) Mr Evans and Mr Ertzen were awarded cash bonuses for the on-time and under budget completion of the Moolart Well Gold Mine.

Table 3: Compensation Options - Granted and vested during the year

2012	Granted		Terms & Conditions for each Grant					Vested	
	No.	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.	%
<i>Other KMP</i>									
M Ertzen	-	-	-	-	-	-	-	166,666	33%
M Evans	-	-	-	-	-	-	-	250,000	33%
T Hinkley	-	-	-	-	-	-	-	166,666	33%
K Massey	-	-	-	-	-	-	-	133,333	33%
R Smith	250,000	6 Oct. 11	\$1.0700	\$2.75	8 Nov. 15	8 Nov. 13	8 Nov. 15	-	-
	250,000	6 Oct. 11	\$1.9610	\$2.75	8 Nov. 15	8 Nov. 14	8 Nov. 15	-	-
<b>Total</b>	<b>500,000</b>							<b>716,665</b>	

## REMUNERATION REPORT (AUDITED) (CONTINUED)

Table 4: Value of options awarded, exercised and lapsed during the year

	Value of options granted during the year \$	Value of options exercised during the year \$	Value of options lapsed during the year \$	Remuneration consisting of share options for the year %
<i>Other KMP</i>				
J Balkau	-	1,365,079	-	-
M Ertzen	-	-	-	20.73%
M Evans	-	-	-	26.49%
T Hinkley	-	431,925	-	21.37%
R Smith	606,200	-	-	45.93%
K Massey	-	-	-	23.66%

The value of the options granted in the year is the fair value of the options calculated at grant date using a Black-Scholes option-pricing model.

The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.


No options were forfeited during the current or prior year due to performance criteria not being achieved.

There have been no alterations to the terms and conditions of options awarded as remuneration since their award date.

Table 5: Shares issued on exercise of options (Consolidated)

30 June 2012	Shares issued No.	Paid per share (Note 26) \$	Unpaid per share \$
<i>Other KMP</i>			
J Balkau	317,352	\$0.8885	-
T Hinkley	150,000	\$0.4205	-
<b>Total</b>	<b>467,352</b>		

Signed in accordance with a resolution of the directors.



Mr Mark Clark  
Managing Director

Perth, 6 September 2012

The technical information in this report has been reviewed and approved by Mr Morgan Hart who is a member of the Australasian Institute of Mining and Metallurgy. Mr Hart has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Morgan Hart is a director and full time employee of Regis Resources Ltd and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



***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 audit for the financial year ended 30 June 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

Trevor Hart  
*Partner*

Perth

6 September 2012

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012

		Consolidated	
		2012	2011
	Note	\$'000	\$'000
Gold sales		170,355	107,924
Interest revenue		1,149	727
<b>Revenue</b>		<b>171,504</b>	<b>108,651</b>
Cost of goods sold	7(a)	(85,778)	(64,155)
<b>Gross profit</b>		<b>85,726</b>	<b>44,496</b>
Other income	6	1,658	505
Investor and corporate costs		(1,998)	(912)
Personnel costs		(2,906)	(2,181)
Share-based payment expense		(2,039)	(980)
Occupancy costs		(463)	(607)
Other corporate administrative expenses		(784)	(191)
Exploration and evaluation written off	18	(786)	(666)
Other expenses	7(b)	(268)	(55)
Finance costs	7(c)	(3,391)	(3,128)
<b>Profit from continuing operations before income tax</b>		<b>74,749</b>	<b>36,281</b>
Income tax expense	8	(6,510)	-
<b>Net profit for the period</b>		<b>68,239</b>	<b>36,281</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive income for the period</b>		-	-
<b>Profit attributable to members of the parent</b>		<b>68,239</b>	<b>36,281</b>
<b>Total comprehensive income attributable to members of the parent</b>		<b>68,239</b>	<b>36,281</b>
Basic earnings per share attributable to ordinary equity holders of the parent (cents per share)	9	15.51	8.54
Diluted earnings per share attributable to ordinary equity holders of the parent (cents per share)	9	15.18	8.24

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	Consolidated	
		2012	2011
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents	10	1,353	27,390
Gold bullion awaiting settlement	11	8,313	6,505
Receivables	12	2,686	1,608
Inventories	13	4,016	4,461
Financial assets held to maturity	14	10	-
Other current assets	15	387	207
<b>Total current assets</b>		<b>16,765</b>	<b>40,171</b>
<b>Non-current assets</b>			
Financial assets held to maturity	14	-	1,175
Deferred mining costs	16	10,555	5,190
Plant and equipment	17	55,487	60,000
Exploration and evaluation expenditure	18	29,293	24,507
Mine properties under development	19	167,919	12,275
Mine properties	20	38,461	48,023
<b>Total non-current assets</b>		<b>301,715</b>	<b>151,170</b>
<b>Total assets</b>		<b>318,480</b>	<b>191,341</b>
<b>Current liabilities</b>			
Trade and other payables	21	28,276	11,887
Interest-bearing liabilities	22	4,883	19,238
Provisions	23	684	339
<b>Total current liabilities</b>		<b>33,843</b>	<b>31,464</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	22	25,194	11,164
Deferred tax liabilities	8	6,510	-
Provisions	23	14,999	8,435
<b>Total non-current liabilities</b>		<b>46,703</b>	<b>19,599</b>
<b>Total liabilities</b>		<b>80,546</b>	<b>51,063</b>
<b>Net assets</b>		<b>237,934</b>	<b>140,278</b>
<b>Equity</b>			
Issued capital	24	275,010	247,632
Share option reserve	25(b)	11,416	9,377
Accumulated losses	25(a)	(48,492)	(116,731)
<b>Total equity</b>		<b>237,934</b>	<b>140,278</b>

The above statement of financial position should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Consolidated			
	Issued capital	Accumulated losses	Share option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2011</b>	247,632	(116,731)	9,377	140,278
Profit for the period	-	68,239	-	68,239
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	68,239	-	68,239
<b>Transactions with owners in their capacity as owners:</b>				
Share based payments expense	-	-	2,039	2,039
Shares issued, net of transaction costs	27,378	-	-	27,378
<b>At 30 June 2012</b>	<b>275,010</b>	<b>(48,492)</b>	<b>11,416</b>	<b>237,934</b>
<b>At 1 July 2010</b>	226,399	(153,012)	8,397	81,784
Profit for the period	-	36,281	-	36,281
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	36,281	-	36,281
<b>Transactions with owners in their capacity as owners:</b>				
Share based payments expense	-	-	980	980
Shares issued, net of transaction costs	21,233	-	-	21,233
<b>At 30 June 2011</b>	<b>247,632</b>	<b>(116,731)</b>	<b>9,377</b>	<b>140,278</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2012

	Note	Consolidated	
		2012	2011
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from gold sales		168,547	101,419
Payments to suppliers and employees		(71,719)	(51,838)
Option premium income		1,370	-
Interest received		1,228	667
Interest paid		(3,342)	(2,485)
R&D rebate received		141	294
<b>Net cash from operating activities</b>	10(b)	<u>96,225</u>	<u>48,057</u>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(7,170)	(2,526)
Payments for exploration and evaluation (net of rent refunds)		(15,755)	(17,197)
Proceeds on disposal of held to maturity investments		1,165	-
Proceeds on disposal of tenements		-	80
Payments for mine properties under development		(114,512)	(34,184)
Payments for mine properties		(1,107)	(1,102)
<b>Net cash used in investing activities</b>		<u>(137,379)</u>	<u>(54,929)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		15,424	9,470
Payment of transaction costs		(43)	(58)
Payment of finance lease liabilities		(264)	(179)
Proceeds from borrowings		-	15,488
<b>Net cash from financing activities</b>		<u>15,117</u>	<u>24,721</u>
Net (decrease)/increase in cash and cash equivalents		(26,037)	17,849
Cash and cash equivalents at 1 July		27,390	9,541
<b>Cash and cash equivalents at 30 June</b>	10(a)	<u>1,353</u>	<u>27,390</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

### For the year ended 30 June 2012

#### 1. CORPORATE INFORMATION

The financial report of Regis Resources Limited (the "Company") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 6 September 2012.

Regis Resources Limited is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (collectively referred to as the "Group").

The nature of operations and principal activities of the Group are described in the Directors' Report.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The financial report is prepared in Australian dollars and all values are rounded to the nearest thousand dollars (\$000s) unless otherwise stated.

##### **(b) Compliance with IFRS**

The consolidated financial statements complies with Australian Accounting Standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

##### **(c) New standards and interpretations issued but not yet effective**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2012, but have not been applied in preparing this financial report.

- AASB 10 *Consolidated Financial Statements* establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to other standards via AASB 2011-7. The amendments, which will become mandatory for Group's 30 June 2014 financial statements, are not expected to have any impact on the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- AASB 11 *Joint Arrangements* replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities – Non-monetary Contributions by Joint Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves are accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128. The amendments, which will become mandatory for Group's 30 June 2014 financial statements, are not expected to have any impact on the financial statements.

- AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The amendments, which will become mandatory for Group's 30 June 2014 financial statements, are not expected to have any impact on the financial statements.
- Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the 'stripping activity asset'.

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

Consequential amendments were also made to other standards via AASB 2011-12. Interpretation 20 will become mandatory for the Group's 30 June 2014 financial statements. The Group has not yet determined the potential effect of the interpretation.

- AASB 119 *Employee Benefits* includes a revised definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10. The amended standard, which will become mandatory for the Group's 30 June 2014 financial statements, are not expected to have a material impact on the financial statements.

#### **(d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Regis Resources Limited and its subsidiaries as at and for the year ended 30 June each year.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising, at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or discount on acquisition.

The Company has a 100% interest in all subsidiaries and therefore does not reflect any non-controlling interests.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment charge.

#### **(e) Operating segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

#### **(f) Foreign currency translation**

##### *Functional and presentation currency*

Both the functional and presentation currency of Regis Resources Limited and its subsidiaries is Australian dollars.

##### *Transactions and balances*

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. The Group does not hold any monetary assets or liabilities denominated in foreign currencies as at the balance date. Foreign currency gains or losses have been recognised in the profit and loss.

#### **(g) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing liabilities in current liabilities on the statement of financial position.

#### **(h) Bullion awaiting settlement**

Bullion awaiting settlement comprises gold that has been received by the refiner prior to period end but which has not yet been delivered into a sale contract. Bullion awaiting settlement is initially recognised at fair value less costs to sell.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **(i) Receivables**

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

#### **(j) Inventories**

Gold bullion, gold in circuit and ore stockpiles are physically measured or estimated and valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product.

Cost is determined by the weighted average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting ore into gold bullion.

Consumable stores are valued at the lower of cost and net realisable value.

#### **(k) Investments and other financial assets**

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

##### *Recognition and derecognition*

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial asset has expired or when the entity transfers substantially all of the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

##### *Subsequent measurement*

##### HELD-TO-MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments that are intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity such as bonds are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

#### **(l) Derivatives**

The Group uses derivative financial instruments such as gold call options to manage the risk associated with commodity price fluctuations.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at fair value. The fair value of derivative financial instruments that are traded on an active market is determined using appropriate valuation techniques.

Changes in fair value are recognised in the statement of comprehensive income, net of any transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **(m) Plant and equipment**

Items of plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

The cost of acquired assets also includes (i) the initial estimate at the time of installation and during the period of use, when relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and (ii) changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation or from changes in the discount rate.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

#### *Depreciation*

Depreciation of mine specific plant and equipment and buildings and infrastructure is charged to the statement of comprehensive income on a unit-of-production basis over the economically recoverable reserves of the mine concerned, except in the case of assets whose useful life is shorter than the life of the mine, in which case the straight-line method is used. The unit of account is tonnes of ore milled.

Depreciation of non-mine specific plant and equipment is charged to the statement of comprehensive income and exploration and evaluation assets on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment in current and comparative periods as follows:

- Plant and equipment: 3 - 10 years
- Fixtures and fittings: 3 - 20 years
- Leasehold improvements: 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

#### *Derecognition*

An item of plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

#### **(n) Exploration and evaluation assets and expenditure**

Exploration and evaluation assets include the costs of acquiring licences, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditure is capitalised on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the statement of comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit is not larger than the area of interest.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mine properties under development. No amortisation is charged during the exploration and evaluation phase.

Recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### **(o) Deferred mining costs**

Stripping costs incurred in the development of a mine before production commences are capitalised as part of the cost of constructing the mine and subsequently amortised over the life of the mine on a units-of-production basis.

Stripping costs incurred subsequently during the production stage of operations are deferred to the extent that the current period strip ratio (i.e. the ratio of waste to ore) exceeds the life of mine strip ratio. Such deferred costs are then charged to the statement of comprehensive income to the extent that, in subsequent periods, the current period ratio falls short of the life of mine strip ratio. The calculated strip ratio and the remaining life of mine are reassessed by the directors annually. Changes are accounted for prospectively from the date of change.

#### **(p) Mine properties under development**

Mine properties under development represents the costs incurred in preparing mines for production and includes plant and equipment under construction, stripping and waste removal costs incurred before production commences. These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs will be amortised using the units of production method based on the estimated economically recoverable reserves to which they relate or are written off if the mine property is abandoned.

Amortisation of mine properties development expenditure will commence at the point when production from the geological area of interest commences.

#### **(q) Mine properties**

Mine properties represents expenditure in respect of exploration, evaluation, feasibility and pre-production operating costs incurred by the Group previously accumulated and carried forward in mine properties under development in relation to areas of interest in which mining has now commenced. Mine properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

#### *Amortisation*

Mine properties are amortised on a unit-of-production basis over the economically recoverable reserves of the mine concerned. The unit of account is tonnes of ore milled.

#### **(r) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the assets.

#### *Group as a lessee*

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the lease item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

#### **(s) Impairment**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses, other than in respect of goodwill, are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Receivables with a short duration are not discounted in assessing the recoverable amount. Impairment is recognised when objective evidence is available that a loss event has occurred.

#### **(t) Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and generally paid within 30 days of recognition.

#### **(u) Interest-bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### *Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed as part of finance costs in the period incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **(v) Provisions**

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the provision can be reliably measured. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Site rehabilitation*

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation is incurred. The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. Typically the obligation arises when the assets are installed at the production location. The provision is the best estimate of the present value of the expenditure required to settle the rehabilitation obligation at the reporting date, based on current legal requirements and technology.

When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. This increase in the provision due to the passage of time is recognised as a finance cost in the statement of comprehensive income. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation provision when incurred.

For closed sites, changes to estimated costs are recognised immediately in the statement of comprehensive income.

#### **(w) Employee benefits**

##### *Wages, salaries and annual leave*

Liabilities for wages, salaries, superannuation and annual leave are recognised as employee benefits in respect of employees' services up to the reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay when the liabilities are settled and include related on-costs, such as workers compensation insurance and payroll tax.

##### *Long service leave*

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

#### **(x) Share-based payment transactions**

##### *Equity settled transactions*

Share-based compensation benefits are provided to directors, officers and employees under the Regis Resources Limited Share Option Plans, which allows participants to acquire shares of the Company, and the Regis Resources Employee Share Plan, which allows for the issue of shares in the Company to eligible employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model, further details of which are given in Note 26.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award;
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
- The expired portion of the vesting period.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market or non-vesting is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **(y) Contributed equity**

Ordinary shares are classified as equity. Transaction costs of an equity transaction being those directly attributable to the issue of shares or options are recognised as a deduction from equity, net of any related income tax effects.

#### **(z) Revenue**

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

##### *Gold sales*

Revenue is recognised when there has been a transfer of risks and rewards from the Group to an external party, no further processing is required by the Group, quality and quantity of the goods has been determined with reasonable accuracy, the selling price is fixed or determinable, and collectability is probable. The point at which risk and rewards passes for the majority of the Group's commodity sales is upon dispatch of the gold bullion from the mine site. Adjustments are made for variations in commodity price, assay and weight between the time of dispatch and the time of final settlement.

##### *Interest*

Interest income is recognised as it accrues using the effective interest method.

#### **(aa) Income and other taxes**

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax balances are determined using the balance sheet method, which provides for temporary differences based on the carrying amounts of assets and liabilities in the statement of financial position. Any current and deferred taxes attributable to amounts recognised in equity are also recognised directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and
- differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### *Tax consolidation*

The Company and its wholly-owned Australian resident entities became part of a tax-consolidated group on 14 December 2006. As a consequence, all members of the tax-consolidation group are taxed as a single entity from that date. The head entity within the tax-consolidation group is Regis Resources Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the separate taxpayer within group approach by reference to the carrying amounts of assets and liabilities in the separate financial statement of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer Note 8). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which asset can be utilised.

Any subsequent period adjustment to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

#### *Other taxes*

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office ("ATO") is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **(ab) Earnings per share**

The Group presents basic and diluted earnings per share ("EPS") data for ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise listed options and share options granted to employees.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

#### **(a) Significant accounting judgements**

##### *Determination of mineral resources and reserves*

The determination of mineral resources impacts the accounting for asset carrying values. Regis Resources Limited estimates its mineral resources in accordance with the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004* (the "JORC" Code). The information on mineral resources was prepared by or under the supervision of Competent Persons as defined in the JORC Code. The amounts presented are based on the mineral resources determined under the JORC Code.

There are numerous uncertainties inherent in estimating mineral resources, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may ultimately result in reserves being restated.

##### *Recovery of deferred tax assets*

Judgement is required in determining whether deferred tax assets are recognised on the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in Australia.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted. Additionally, future changes in tax laws in Australia could limit the ability of the Group to obtain tax deductions in future periods.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### ***(b) Significant accounting estimates and assumptions***

##### *Impairment of exploration and evaluation assets*

The future recoverability of capitalised exploration and evaluation expenditure is dependent upon a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which the determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in an area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which the determination is made.

##### *Rehabilitation obligations*

The Group assesses site rehabilitation liabilities annually. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas using internal information concerning environmental issues in the exploration and previously mined areas, together with input from various environmental consultants, discounted to present value. Significant estimation is required in determining the provision for site rehabilitation as there are many factors that may affect the timing and ultimate cost to rehabilitate sites where mining and/or exploration activities have previously taken place. These factors include future development/exploration activity, changes in the cost of goods and services required for restoration activity and changes to the legal and regulatory framework. These factors may result in future actual expenditure differing from the amounts currently provided.

##### *Share-based payments*

The Group is required to use assumptions in respect of the fair value models used in determining share-based payments to employees in accordance with the requirements of AASB 2 *Share-based payment*. Further information regarding share-based payments and the assumptions used is set out in Note 26. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

##### *Unit-of-production method of depreciation/amortisation*

The Group uses the unit-of-production basis when depreciating/amortising life of mine specific assets which results in a depreciation/amortisation charge proportionate to the depletion of the anticipated remaining life of mine production. Each item's economic life, which is assessed annually, has due regard for both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which it is located. These calculations require the use of estimates and assumptions.

##### *Deferred mining costs*

The Group defers mining costs incurred during the production stage of its operations which are calculated in accordance with the accounting policy described above. Changes in an individual mine's design will generally result in changes to the life-of-mine waste to ore ratio. Changes in other technical or economic parameters that impact reserves will also have an impact on the life of mine ratio even if they do not affect the mine's design. Changes to the life of mine are accounted for prospectively.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

#### *Inventories*

Net realisable value tests are performed at each reporting date and represent the estimated future sales price of the product based on prevailing spot metals prices at the reporting date, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained gold ounces based on assay data, and the estimated recovery percentage. Stockpile tonnages are verified by periodic surveys.

### 4. FINANCIAL RISK MANAGEMENT

#### *Overview*

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks and its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Group's exposure to movements in the gold price, which it manages through the use of gold forward contracts, is discussed at Note 31(f). The gold forward sale contracts do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Audit and Risk Management Committee is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

#### *Credit Risk*

The Group has determined that it currently has no significant exposure to credit risk as at reporting date.

#### *Liquidity Risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the Group's reputation.

The Group uses daily and monthly cash forecasting monitoring cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

At 30 June 2012, the Group has net current liabilities of \$17.0 million, however undrawn committed borrowing facilities of \$49.6 million are available. Refer Note 10(a).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 4. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

- **Interest rate risk:** The Group is exposed to interest rate risk through its secured project loan facility with Macquarie Bank Limited ("MBL"), which attracts a variable interest rate. The Group constantly analyses its interest rate exposure and considers the cost of equity financing as an alternative to debt.
- **Foreign currency risk:** The Group is occasionally exposed to foreign currency risk when long lead items are purchased in a currency other than Australian dollars. The Group maintains all of its cash in Australian dollars and does not currently hedge these purchases.
- **Equity price risk:** The Group does not have any exposure to movements in equity prices.

### 5. SEGMENT INFORMATION

#### *Identification of reportable segments*

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and his management team (the chief operating decision makers, or "CODMs") in assessing performance and in determining the allocation of resources.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the CODMs to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), exploration and evaluation assets relating to areas of interest where an economically recoverable reserve is yet to be delineated, head office expenses and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, conduct exploration and evaluation activities and develop mine properties.

The Group currently has two reportable segments which comprise the Duketon Gold Project being the Moolart Well Gold Mine and the Garden Well Gold Project. At 30 June 2012, development of the Garden Well Gold Project was ongoing and consequently it has not yet earned any revenues or incurred non-capitalised expenses.

Operations commenced at the Moolart Well Gold Mine in August 2010, as such the comparative financial information for segment revenue and results is only for 11 months.

#### *Accounting policies and inter-segment transactions*

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2 to the accounts and in the prior period. There have not been any inter-segment transactions in the current or prior years.

#### *Unallocated items*

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Interest revenue and finance costs;
- Corporate administrative costs;
- Exploration and evaluation expenditure on areas of interest prior to the definition of a reserve and determination of the technical feasibility and commercial viability.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 5. SEGMENT INFORMATION (CONTINUED)

The following table presents financial information for reportable segments for the years ended 30 June 2012 and 30 June 2011:

	Continuing Operations			
	Moolart Well Gold Mine	Garden Well Gold Project	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
<b>30 June 2012</b>				
<i>Segment revenue</i>				
Sales to external customers	170,355	-	-	170,355
Other revenue	-	-	1,149	1,149
Total segment revenue	170,355	-	1,149	171,504
Total revenue per the statement of comprehensive income				171,504
Interest expense	-	-	2,930	2,930
Exploration and evaluation expenditure written off	-	-	786	786
Depreciation and amortisation	24,274	-	149	24,423
Depreciation capitalised to exploration projects				(62)
Total depreciation and amortisation recognised in the statement of comprehensive income				24,361
<i>Segment result</i>				
Segment net operating profit/(loss) before tax	84,577	-	(9,828)	74,749
<i>Segment assets</i>				
Segment assets	107,854	168,391	42,235	318,480
Capital expenditure	15,497	155,773	17,314	188,584
<b>30 June 2011</b>				
<i>Segment revenue</i>				
Sales to external customers	107,924	-	-	107,924
Other revenue	-	-	727	727
Total segment revenue	107,924	-	727	108,651
Total revenue per the statement of comprehensive income				108,651
Interest expense	-	-	2,795	2,795
Exploration and evaluation expenditure written off	-	-	666	666
Depreciation and amortisation	18,965	-	150	19,115
Depreciation capitalised to exploration projects				(63)
Total depreciation and amortisation recognised in the statement of comprehensive income				19,052
<i>Segment result</i>				
Segment net operating profit/(loss) before tax	43,769	-	(7,488)	36,281
<i>Segment assets</i>				
Segment assets	123,769	12,275	55,297	191,341
Capital expenditure	19,998	12,275	17,848	50,121

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000
<b>6. OTHER INCOME</b>			
Realised gain on gold options	(i)	1,370	-
Movement in rehabilitation provision		285	-
R&D rebate		-	434
Exploration rent refunds		3	12
Net profit on sale of tenements		-	59
		<u>1,658</u>	<u>505</u>

(i) During the financial year, the Group sold a gold call option for 20,000 ounces at A\$1,930/oz. The option expired unexercised and the above gain reflects the premium received.

## 7. EXPENSES

### (a) Cost of goods sold

Costs of production		53,863	40,622
Royalties		7,641	4,568
Depreciation of mine plant and equipment		13,356	10,748
Amortisation of development costs		10,918	8,217
		<u>85,778</u>	<u>64,155</u>

### (b) Other expenses

Gold swap fees		53	32
Business development		173	-
Exploration license application fees		42	20
Other		-	3
		<u>268</u>	<u>55</u>

### (c) Finance costs

Interest expense		2,931	2,795
Unwinding of discount on provisions		460	333
		<u>3,391</u>	<u>3,128</u>

### (d) Depreciation, impairment and amortisation included in the statement of comprehensive income

Depreciation expense		13,505	10,898
Amortisation expense		10,918	8,217
Less: Amounts capitalised to exploration projects		(62)	(63)
Depreciation and amortisation charged to the statement of comprehensive income		<u>24,361</u>	<u>19,052</u>

### (e) Lease payments and other expenses included in the statement of comprehensive income

Minimum lease payments – operating lease		294	465
Less: Amounts capitalised to exploration projects		(84)	(107)
Recognised in the statement of comprehensive income		<u>210</u>	<u>358</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 7. EXPENSES (CONTINUED)

*(f) Employee benefits expense*

Wages and salaries	14,648	9,056
Defined contribution superannuation expense	1,263	816
Share-based payments expense	2,039	980
Employee bonuses	201	413
Other employee benefits expense	1,042	549
	19,193	11,814
Less: Amounts capitalised to exploration projects	(2,606)	(2,379)
Less: Amounts capitalised to mine properties under development	(5,478)	(1,141)
Employee benefits expense recognised in the statement of comprehensive income	11,109	8,294

### 8. INCOME TAX

*(a) The major components of income tax expense are:*

**Current income tax**

Current income tax expense	3,625	4,334
----------------------------	-------	-------

**Deferred income tax**

Relating to the origination and reversal of temporary differences	19,285	6,786
Adjustment in respect of income tax of previous years	(184)	(72)
Income tax losses utilised	(16,216)	(11,048)
Income tax expense reported in the statement of comprehensive income	6,510	-

*(b) 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	74,749	36,281
At the Group's statutory income tax rate of 30% (2011: 30%)	22,425	10,884
R&D rebate	(116)	(42)
Share-based payments	611	294
Share issue costs amortised	(13)	(17)
Other non-deductible items	3	1
Adjustment in respect of income tax of previous years	(184)	(72)
Deferred tax assets utilised	(16,216)	(11,048)
Income tax reported in the statement of comprehensive income	6,510	-

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 8. INCOME TAX (CONTINUED)

#### (c) Deferred income tax

Deferred income tax at 30 June relates to the following:

#### Deferred tax liabilities

Receivables		1,725	1,277
Inventories		214	343
Prepayments		11	-
Plant and equipment		-	828
Deferred mining costs		3,072	1,557
Exploration and evaluation expenditure		8,788	7,368
Mine properties under development		20,046	-
Mine properties		11,538	14,407
Interest-bearing liabilities		13	-
<b>Gross deferred tax liabilities</b>		<b>45,407</b>	<b>25,780</b>
Set off of deferred tax assets		(38,897)	(25,780)
<b>Net deferred tax liabilities</b>		<b>6,510</b>	<b>-</b>

#### Deferred tax assets

Plant and equipment		3,087	-
Trade and other payables		473	272
Provisions		4,705	2,632
Expenses deductible over time		1,723	426
Tax losses carried forward	(i)	28,909	34,904
<b>Gross deferred tax assets</b>		<b>38,897</b>	<b>38,234</b>
Set off of deferred tax assets		(38,897)	(25,780)
Unrecognised tax losses		-	(12,454)
<b>Net deferred tax assets</b>		<b>-</b>	<b>-</b>

(i) Tax losses are available to carry forward indefinitely. The Group has recognised a deferred income tax asset in relation to these losses to offset deferred tax liabilities.

#### (d) Unrecognised temporary differences

At 30 June 2012 there are no unrecognised temporary differences associated with the Group's investment in subsidiaries (2011: \$nil).

#### (e) Tax consolidation

##### Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) will be at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement will provide for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 9. EARNINGS PER SHARE

The following reflects income and share data used in the calculation of basic and diluted earnings per share.

(a) *Earnings used in calculating earnings per share*

Net profit/ attributable to ordinary equity holders of the parent	68,239	36,281
---	--------	--------

(b) *Weighted average number of shares*

Weighted average number of ordinary shares used in calculating basic earnings per share

No. Shares Thousands	No. Shares Thousands
-------------------------	-------------------------

440,000	424,879
---------	---------

*Effect of dilution:*

Share options	(c)	9,464	15,676
---------------	-----	-------	--------

Weighted average number of ordinary shares adjusted for the effect of dilution

449,464	440,555
---------	---------

There are no instruments excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are antidilutive for either of the periods presented.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between reporting date and the date of completion of these financial statements.

(c) *Information on the classification of securities*

#### Options

Options granted to employees (including KMP) as described in Note 26 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

### 10. CASH AND CASH EQUIVALENTS

(a) *Cash and cash equivalents in the statement of financial position and cash flow statement*

Cash at bank and in hand	1,353	27,390
--------------------------	-------	--------

At 30 June 2012, the Group had \$49.6 million of undrawn committed borrowing facilities available (2011: nil). Refer to Note 22.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2012	2011
	\$'000	\$'000
<b>10. CASH AND CASH EQUIVALENTS (CONTINUED)</b>		
<i>(b) Reconciliation of net profit after income tax to cash flows used in operations</i>		
Net profit for the year	68,239	36,281
<i>Adjustments for:</i>		
Unwinding of discount on provisions	460	333
Borrowing costs capitalised to qualifying asset	(540)	(134)
Amortisation of transaction costs recognised against interest-bearing liabilities	147	323
Employee bonuses (non-cash)	179	-
Exploration expenditure written off	786	666
Exploration rent refunds	(3)	(12)
Share based payments	2,039	939
Net (profit) on disposal of tenement	-	(53)
Depreciation and amortisation	24,361	19,052
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(2,053)	(6,964)
(Increase)/decrease in inventories	483	(4,155)
(Increase)/decrease in other current assets	(148)	(18)
(Increase)/decrease in deferred mining costs	(5,366)	(4,857)
Increase/(decrease) in trade and other payables	1,382	6,641
Increase/(decrease) in deferred tax liabilities	6,510	-
Increase/(decrease) in provisions	(251)	15
Net cash from operating activities	96,225	48,057

### *(c) Non-cash financing and investing activities*

During the year ended 30 June 2012, the Company terminated a royalty over the Garden Well Project through the issue of 4,038,364 shares.

During the year ended 30 June 2011, the Company exercised its right to settle its convertible note liability through the issue of 10,000,000 shares.

## 11. GOLD BULLION AWAITING SETTLEMENT (CURRENT)

Gold bullion awaiting settlement	8,313	6,505
----------------------------------	-------	-------

At balance date, gold bullion awaiting settlement comprised 4,602 ounces at a weighted average realisable value of \$1,806.29/oz (2011: 4,520 ounces at \$1,439.04/oz)

### *(a) Fair value and credit risk*

Due to the short-term nature of the bullion awaiting settlement, the carrying value is assumed to approximate fair value.

The maximum exposure to credit risk is the fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2012	2011
	\$'000	\$'000
<b>12. RECEIVABLES (CURRENT)</b>		
GST receivable	2,070	985
Fuel tax credit receivable	519	356
R&D rebate receivable	-	141
Interest receivable	16	95
Other receivables	81	31
	<u>2,686</u>	<u>1,608</u>

Balances within receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

*(a) Fair value and credit risk*

Due to the short-term nature of these receivables, their carrying value is assumed to approximate fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

### 13. INVENTORIES (CURRENT)

*At cost*

Ore stockpiles	1,069	811
Gold in circuit	1,662	1,307
Bullion on hand	-	1,201
Consumable stores	1,285	1,142
	<u>4,016</u>	<u>4,461</u>

### 14. FINANCIAL ASSETS HELD TO MATURITY

*Current*

Term deposits	10	-
---------------	----	---

*Non-current*

Term deposits	-	1,175
---------------	---	-------

Term deposits are held as security against rehabilitation performance bonds. Term deposits earn a fixed rate of interest which at year end was 4.32% (2011: 5.66%).

*(a) Fair value*

Term deposits generally have a maturity between 30 and 60 days (2011: 60 to 90 days). Due to the underlying short-term nature of term deposits, their carrying value is assumed to approximate fair value. The term deposit was classified as non-current in the prior year as it was required to secure obligations existing beyond 12 months.

### 15. OTHER CURRENT ASSETS

Prepayments	387	207
-------------	-----	-----

### 16. DEFERRED MINING COSTS (NON-CURRENT)

Deferred mining costs	10,555	5,190
-----------------------	--------	-------

These costs represent mining expenses deferred in accordance with the accounting policy disclosed in Note 2(o).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	Consolidated					
	Leasehold Improvements	Plant and equipment	Furniture and Equipment	Buildings and Infrastructure	Capital WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

**17. PLANT AND EQUIPMENT (NON-CURRENT)**

(a) Reconciliation of carrying amounts at the beginning and end of the period

At 1 July 2011 net of accumulated depreciation	472	43,597	157	15,483	291	60,000
Additions	71	1,540	46	6,923	412	8,992
Depreciation expense	(52)	(9,482)	(79)	(3,892)	-	(13,505)
Transfers	27	115	4	139	(285)	-
Disposals	-	-	-	-	-	-
At 30 June 2012 net of accumulated depreciation	518	35,770	128	18,653	418	55,487
<i>At 30 June 2012</i>						
Cost	618	53,780	501	25,881	418	81,198
Accumulated depreciation	(100)	(18,010)	(373)	(7,228)	-	(25,711)
Net carrying amount	518	35,770	128	18,653	418	55,487



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

	Consolidated						
	Leasehold Improvements	Plant and equipment	Furniture and Equipment	Fixtures and fittings	Buildings and Infrastructure	Capital WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>17. PLANT AND EQUIPMENT (NON-CURRENT) (CONTINUED)</b>							
At 1 July 2010 net of accumulated depreciation	-	312	-	5	-	153	470
Additions	367	957	88	-	1,118	291	2,821
Depreciation expense	(48)	(8,100)	(61)	-	(2,689)	-	(10,898)
Transfers from mine properties under development	19(a) -	50,582	-	-	17,030	-	67,612
Transfers	153	(154)	130	-	24	(153)	-
Disposals	-	-	-	(5)	-	-	(5)
At 30 June 2011 net of accumulated depreciation	472	43,597	157	-	15,483	291	60,000
<i>At 1 July 2010</i>							
Cost	-	1,614	-	20	-	153	1,787
Accumulated depreciation	-	(1,302)	-	(15)	-	-	(1,317)
Net carrying amount	-	312	-	5	-	153	470
<i>At 30 June 2011</i>							
Cost	520	52,125	451	-	18,819	291	72,206
Accumulated depreciation	(48)	(8,528)	(294)	-	(3,336)	-	(12,206)
Net carrying amount	472	43,597	157	-	15,483	291	60,000

**(b) Assets pledged as security**

Macquarie Bank Limited ("MBL") holds a first ranking, registered fixed and floating charge over all of the assets of Regis Resources Limited and its wholly-owned subsidiary, Duketon Resources Pty Limited as security for the debt facility provided by MBL to fund construction of the Duketon Gold Project, which comprises both the Moolart Well Gold Mine and Garden Well Gold Project. Refer to Note 22.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

		Consolidated	
		2012	2011
		\$'000	\$'000
<b>18. EXPLORATION AND EVALUATION ASSETS (NON-CURRENT)</b>			
Balance at 1 July		24,507	8,000
Expenditure for the period		17,226	17,194
Write-offs to the statement of comprehensive income		(786)	(666)
Disposal of tenements		-	(21)
Transferred to mine properties under development	19	(11,654)	-
Balance at 30 June		29,293	24,507

The ultimate recoupment of costs carried forward is dependent upon the successful development and commercial exploitation, or alternatively the sale of the respective areas at an amount at least equivalent to the carrying value.

*(a) Assets pledged as security*

Macquarie Bank Limited ("MBL") holds a first ranking, registered fixed and floating charge over all of the assets of Regis Resources Limited and its wholly-owned subsidiary, Duketon Resources Pty Limited as security for the debt facility provided by MBL to fund construction of the Duketon Gold Project. Refer to Note 22.

**19. MINE PROPERTIES UNDER DEVELOPMENT (NON-CURRENT)**

*(a) Moolart Well Gold Mine*

Balance at beginning of period		-	106,022
Capitalised borrowing costs		-	133
Construction expenditure – Moolart Well Gold Mine		-	11,508
Pre-production expenditure capitalised		-	2,581
Rehabilitation provision recognised		-	701
Transferred to plant and equipment	17	-	(67,612)
Transferred to mine properties	20	-	(53,333)
Balance at end of period		-	-

*(b) Garden Well Gold Project*

Balance at beginning of period		12,275	-
Capitalised borrowing costs		540	-
Transferred from exploration and evaluation assets	18	11,654	-
Newmont royalty termination expense		12,000	-
Pre-production expenditure capitalised		37,100	-
Rehabilitation provision recognised		5,527	-
Construction expenditure – Garden Well Gold Project		88,275	12,275
Construction expenditure – Rosemont Gold Project		548	-
Balance at end of period		167,919	12,275

*(c) Assets pledged as security*

Macquarie Bank Limited ("MBL") holds a first ranking, registered fixed and floating charge over all of the assets of Regis Resources Limited and its wholly-owned subsidiary, Duketon Resources Pty Limited as security for the debt facility provided by MBL to fund construction of the Duketon Gold Project. Refer to Note 22.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 20. MINE PROPERTIES (NON-CURRENT)

#### (a) Moolart Well Gold Project

Balance at beginning of period		48,023	-
Transferred from mine properties under development	19(a)	-	53,333
Additions		1,356	2,907
Amortisation expense		(10,918)	(8,217)
Balance at end of period		38,461	48,023

### 21. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables		8,504	5,154
Accrued expenses		15,928	4,355
Employee entitlements		1,041	557
Other payables		2,803	1,821
		28,276	11,887

#### (a) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

### 22. INTEREST-BEARING LIABILITIES

#### Current

Secured bank loan	(a)(b)	4,883	18,974
Finance lease liabilities	31(b)	-	264
		4,883	19,238

#### Non-Current

Secured bank loan	(a)(b)	25,194	11,164
-------------------	--------	--------	--------

#### (a) Secured bank loan

The Macquarie Bank Limited ("MBL") debt facility has been provided in two tranches. The first tranche is for \$60 million of which \$30 million was already drawn at 30 June 2011 for the development of the Moolart Well Gold Mine. The maturity date of tranche one is 31 December 2014, with the first principal repayment due on 28 June 2013. The second tranche is for \$20 million and is effectively a standby facility which has a maturity date of 30 December 2015 (if drawn).

The loan attracts a variable interest rate which ranged between 7.035% and 8.573% in the current year (2011: 8.17% to 8.57%).

During the year ended 30 June 2012, there have been no draw downs on the secured bank loan.

The debt facility also incorporates a performance bond facility whereby MBL provides performance bonds in relation to statutory environmental obligations on certain tenements and guarantees in relation to office lease commitments. At year end, the performance bond facility limit was \$20 million (2011: \$5 million) and the amount used was \$14,257,410 (2011: \$4,331,410). The performance bonds are not required to be cash-backed until 30 June 2016.

#### (b) Assets pledged as security

The facility is secured by:

- a first ranking, registered fixed and floating charge over all of the assets of Regis Resources Limited and its wholly-owned subsidiary Duketon Resources Pty Limited;
- a first ranking, registered Mining Act (WA) mortgage over the Company's interest in the Duketon Gold Project tenements;
- a fixed charge over the Proceeds Account and Gold Account; and
- satisfactory security over Regis' rights under key project documents.

#### (c) Fair values

The carrying amounts of the Group's current and non-current borrowings approximate their fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000
<b>23. PROVISIONS</b>			
<i>Current</i>			
Rehabilitation	(a)	684	339
<i>Non-current</i>			
Long service leave	(b)	131	57
Rehabilitation	(a)	14,868	8,378
		14,999	8,435
<i>(a) Provision for rehabilitation</i>			
Balance at 1 July		8,717	5,781
Provisions made during the year		6,660	2,605
Provisions reversed during the year		(285)	(2)
Unwinding of discount		460	333
Balance at 30 June		15,552	8,717

### *Nature and purpose of provision for rehabilitation*

The nature of rehabilitation activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation cost estimates will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

### *(b) Provision for long service leave*

Refer to Note 2(v) for the relevant accounting policy and a discussion of the significant estimates and assumptions applied in the measurement of this provision.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 24. CONTRIBUTED EQUITY

Ordinary shares – issued and fully paid		275,010	247,632
---	--	---------	---------

The holders of ordinary shares are entitled to receive dividends as declared from time to time and, on a poll, are entitled to one vote per share at meetings of the Company. The Company does not have authorised capital or par value in respect of its issued shares.

		No. shares (‘000s)	\$'000
<i>Movement in ordinary shares on issue</i>			
At 1 July 2010		394,784	226,399
Issued on exercise of options		8,530	5,783
Issued on exercise of warrants		19,668	5,507
Issued on exercise of convertible note		9,091	10,000
Transaction costs		-	(57)
At 30 June 2011		432,073	247,632
Issued on exercise of options		16,917	15,423
Issued for non-cash transactions	10(c)	4,038	12,000
Transaction costs		-	(45)
At 30 June 2012		453,028	275,010

#### *Capital management*

The Board's policy in relation to capital management is to regularly and consistently monitor future cash flows against expected expenditures for a rolling period of up to 12 months in advance. The Board determines the Group's need for additional funding by way of either share issues or loan funds depending on market conditions at the time. The Board defines working capital in such circumstances as its excess liquid funds over liabilities, and defines capital as being the ordinary share capital of the Company.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

### 25. ACCUMULATED LOSSES AND RESERVES

#### *(a) Accumulated losses*

At 1 July		(116,731)	(153,012)
Net profit for the year		68,239	36,281
At 30 June		(48,492)	(116,731)

#### *(b) Share option reserve*

At 1 July		9,377	8,397
Share-based payments	26	2,039	980
At 30 June		11,416	9,377

#### *(c) Nature and purpose of reserves*

The share option reserve is used to record the value of share-based payments provided to employees, including KMP, as part of their remuneration, as well as non-employees.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 26. SHARE-BASED PAYMENTS

#### (a) Recognised share-based payments expense

Expense arising from equity-settled share-based payment transactions with employees for services received during the year

	2,039	980
Total expense arising from share-based payment transactions	2,039	980

The share-based payment plans are described below. There have been no cancellations or modifications to any of the plans during the current or prior years.

#### (b) Employee share option plan (ESOP)

The Company has one ESOP, being the Regis Resources Limited 2008 Share Option Plan (the "Plan").

The objective of the Plan is to assist in the recruitment, reward, retention and motivation of eligible persons of the Group. Under the Plan, the board or Remuneration and Nomination Committee may issue to eligible employees options to acquire shares in the future at an exercise price fixed by the board or Remuneration and Nomination Committee on grant of the options.

At the 2011 Annual General Meeting, shareholders approved the Plan as well as an amendment to the terms of existing options issued under the Plan. The amendment introduced a cashless exercise mechanism which enables the holder, at their election, to exercise their vested options not by way of payment of the applicable exercise price, but rather by choosing to receive the positive difference between the exercise price and share price at exercise in shares, with the number of shares allocated based on the share price at exercise. The amendment did not affect the vesting period, the exercise price or expiry date of existing options. The rules of the Plan were amended to introduce the cashless exercise mechanism to any new options subsequently issued under the Plan.

The cashless exercise mechanism:

- does not change the fundamental entitlements of option holders;
- leaves an option holder who chooses to exercise their options in a cashless manner in the same economic position as if they had exercised all of their options, paid the relevant total exercise price, and disposed of the number of shares equal in value to that total exercise price; and
- results in less shares being issued upon exercise of options.

All other significant terms and conditions of the Plan remained unchanged.

The vesting of all options is subject to service conditions being met whereby the recipient must meet the eligible employee criteria as defined in the Plan.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 26. SHARE-BASED PAYMENTS (CONTINUED)

#### (c) Summary of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2012		2011	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	16,390,000	\$0.8596	18,425,000	\$0.7260
Granted during the year	2,310,000	\$3.4648	3,700,000	\$1.3574
Forfeited during the year	(125,000)	\$2.2300	(25,000)	\$1.0000
Exercised during the year (i)(ii)	(632,500)	\$0.7919	(5,620,000)	\$0.7258
Sold during the year	(11,100,000)	\$0.7322	-	-
Expired during the year	(142,500)	\$0.9509	(90,000)	\$1.1705
Outstanding at the end of the year	6,700,000	\$1.9477	16,390,000	\$0.8596
Exercisable at the end of the year	840,000	\$0.3899	11,998,333	\$0.7326

(i) The balance of options exercised in 2011 includes 5 million options exercised by Newmont with an exercise price of \$0.70.

(ii) The weighted average share price at the date of exercise was \$3.97 (2011: \$1.65).

#### (d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 2.8 years (2011: 2.7 years).

#### (e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was \$0.1348 to \$4.00 (2011: \$0.1348 to \$2.23).

#### (f) Weighted average fair value

The weighted average fair value of options granted during the year was \$1.7066 (2011: \$0.9548).

#### (g) Option pricing model

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2012 and 30 June 2011:

	2012 ESOP	2011 ESOP
Dividend yield (%)	0%	0%
Expected volatility (%)	63.61 - 119.25	108.7 - 115.1
Risk free interest rate (%)	2.53 - 3.92	4.32 - 5.05
Expected life of the option (years)	2 - 3 years	2 - 3 years
Option exercise price (\$)	2.75 - 4.00	1.00 - 2.23
Weighted average share price at grant date (\$)	2.75 - 4.17	1.14 - 2.25

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$	\$

### 27. KEY MANAGEMENT PERSONNEL

#### (a) Compensation for key management personnel

Short-term employee benefits	2,778,119	2,249,207
Post-employment benefits	241,359	198,704
Long-term employee benefits	29,269	23,987
Termination benefits	-	-
Share-based payment	532,659	345,529
<b>Total compensation</b>	<b>3,581,406</b>	<b>2,817,427</b>

Regis Resources Limited has applied the option to transfer KMP disclosures required by AASB 124 Related Party Disclosures paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors' Report. These transferred disclosures have been audited.

#### (b) Option holdings of key management personnel

	Held at start of period	Granted as remuneration	Options exercised	Net change other	Held at end of period	Vested at 30 June 2012		
	1 July 2011				30 June 2012	Total	Exercisable	Not exercisable
<i>Directors</i>								
M Clark <sup>(i)</sup>	5,000,000	-	-	(5,000,000)	-	-	-	-
M Hart <sup>(i)</sup>	5,000,000	-	-	(5,000,000)	-	-	-	-
<i>Executives</i>								
J Balkau <sup>(ii)</sup>	402,500	-	(402,500)	-	-	-	-	-
M Ertzen <sup>(iii)</sup>	500,000	-	-	(333,333)	166,667	166,667	166,667	-
M Evans <sup>(iii)</sup>	750,000	-	-	(500,000)	250,000	250,000	250,000	-
T Hinkley	350,000	-	(150,000)	-	200,000	200,000	200,000	-
K Massey <sup>(iii)</sup>	500,000	-	-	(266,667)	233,333	133,333	133,333	-
R Smith	-	500,000	-	-	500,000	-	-	-
<b>Total</b>	<b>12,502,500</b>	<b>500,000</b>	<b>(552,500)</b>	<b>(11,100,000)</b>	<b>1,350,000</b>	<b>750,000</b>	<b>750,000</b>	<b>-</b>

- (i) Mr Clark and Mr Hart each sold 5,000,000 options shown under "net change other" on 20 March 2012 which were then exercised and on sold to Australian institutional and sophisticated investors in a broker managed book build.
- (ii) Mr Balkau exercised options using the cashless exercise mechanism, as disclosed in Note 26(b).
- (iii) Mr Ertzen, Mr Evans and Mr Massey sold the number of options shown under "net change other" on 2 April 2012 which were then exercised and on sold to Australian institutional and sophisticated investors in a broker managed book build.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option holdings of key management personnel (continued)

	Held at start of period	Granted as remuneration	Options exercised	Net change other	Held at end of period	Vested at 30 June 2011		
	1 July 2010				30 June 2011	Total	Exercisable	Not exercisable
<i>Directors</i>								
M Clark	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
M Hart	5,000,000	-	-	-	5,000,000	5,000,000	5,000,000	-
<i>Executives</i>								
J Balkau	727,500	-	(325,000)	-	402,500	402,500	402,500	-
M Ertzen <sup>(iv)</sup>	-	-	-	500,000	500,000	333,333	333,333	-
M Evans	750,000	-	-	-	750,000	500,000	500,000	-
T Hinkley	500,000	-	(150,000)	-	350,000	183,333	183,333	-
K Massey	400,000	100,000	-	-	500,000	266,666	266,666	-
<b>Total</b>	<b>12,377,500</b>	<b>100,000</b>	<b>(475,000)</b>	<b>500,000</b>	<b>12,502,500</b>	<b>11,685,832</b>	<b>11,685,832</b>	<b>-</b>

(iv) Mr Ertzen was not classified as a KMP at 30 June 2010. "Net change other" represents the number of options held at the date of becoming a KMP.

(c) Shareholdings of key management personnel

Shares held in Regis Resources Limited (number) directly, indirectly or beneficially by each KMP

	Held at 1 July 2011	On exercise of options	Net change other	Held at 30 June 2012
<i>Directors</i>				
N Giorgetta	20,529,671	-	-	20,529,671
M Clark	9,460,000	-	-	9,460,000
M Hart	9,389,210	-	-	9,389,210
M Okeby	1,200,000	-	-	1,200,000
<i>Other KMP</i>				
J Balkau	1,827,231	317,352	19,000	2,163,583
M Ertzen	1,540,900	-	(540,900)	1,000,000
M Evans	713,188	-	(100,000)	613,188
T Hinkley	852,500	150,000	(50,000)	952,500
K Massey	16,666	-	-	16,666
R Smith	-	-	-	-
<b>Total</b>	<b>45,529,366</b>	<b>467,352</b>	<b>(671,900)</b>	<b>45,324,818</b>

"Net change other" relates to on-market purchases and sales of shares.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 27. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) *Shareholdings of key management personnel (continued)*

	Held at 1 July 2010	On exercise of options	Net change other	Held at 30 June 2011
<i>Directors</i>				
N Giorgetta	18,529,671	-	2,000,000	20,529,671
M Clark	9,460,000	-	-	9,460,000
M Hart	9,389,210	-	-	9,389,210
M Okeby	1,200,000	-	-	1,200,000
<i>Other KMP</i>				
J Balkau	1,136,360	325,000	365,871	1,827,231
M Ertzen <sup>(i)</sup>	-	-	1,540,900	1,540,900
M Evans	913,188	-	(200,000)	713,188
T Hinkley	802,500	150,000	(100,000)	852,500
K Massey	42,857	-	(26,191)	16,666
Total	41,473,786	475,000	3,580,580	45,529,366

"Net change other" relates to on-market purchases of shares except as noted below.

(i) Mr Ertzen was not classified as a KMP at 30 June 2010. "Net change other" represents the number of shares held at the date of becoming a KMP.

All equity transactions with KMP other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(d) *Loans to key management personnel and their related parties*

There were no loans made to any director, key management personnel and/or their related parties during the current or prior year.

(e) *Other key management personnel transactions*

Other than the ordinary accrual of personnel expenses at balance date, there are no other amounts receivable from and payable to key management personnel and other related parties.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 28. RELATED PARTY DISCLOSURES

#### (a) Subsidiaries

The consolidated financial statements include the financial statements of Regis Resources Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	% Equity Interest		Investment \$'000	
		2012	2011	2012	2011
Duketon Resources Pty Ltd	Australia	100%	100%	30,575	30,575
Artane Minerals NL	Australia	100%	100%	-	-
Rosemont Gold Mines Pty Ltd	Australia	100%	100%	-	-
				30,575	30,575

#### (b) Ultimate parent

Regis Resources Limited is the ultimate Australian parent entity and the ultimate parent entity of the Group.

#### (c) Transactions with related parties

A loan is made by the Company to Duketon Resources and represents the subsidiary's share of payments for exploration and evaluation expenditure on commercial joint ventures existing between the Company and Duketon Resources. The loan outstanding between the Company and Duketon Resources has no fixed date of repayment and is non-interest bearing. As at 30 June 2012, the balance of the loan receivable was \$3,356,437 (2011: \$6,622,304).

	2012	2011
	\$'000	\$'000

### 29. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Regis Resources Limited, at 30 June 2012. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

Current assets	16,765	40,171
Non-current assets	305,565	147,088
<b>Total assets</b>	322,330	187,259
Current liabilities	33,572	31,231
Non-current liabilities	43,863	16,823
<b>Total liabilities</b>	77,435	48,054
Contributed equity	275,010	247,632
Share option reserve	11,416	9,377
Accumulated losses	(41,531)	(117,804)
<b>Total equity</b>	244,895	139,205
Net profit/(loss) for the year	76,273	36,160
Other comprehensive income for the year	-	-
<b>Total comprehensive income/(loss) for the year</b>	76,273	36,160

The parent entity has not guaranteed any loans of its subsidiaries.

There are no contingent assets or liabilities of the Group or parent entity at 30 June 2012 as disclosed at Note 32.

All capital commitments disclosed at Note 31 are commitments incurred by the parent entity, except for \$1,264,798 (2011: \$1,895,004) of the exploration expenditure commitments.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 30. FINANCIAL INSTRUMENTS

#### (a) Financial guarantee liabilities

As at 30 June 2012, the Group did not have any financial guarantee liabilities (2011: Nil).

#### (b) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments:

30 June 2012 (\$'000)	Carrying amount	Contractual cash-flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Trade and other payables	27,235	(27,235)	(27,235)	-	-	-	-
Secured loan	30,077	(34,782)	(1,147)	(6,242)	(16,873)	(10,521)	-
<b>Total</b>	<b>57,312</b>	<b>(62,017)</b>	<b>(28,382)</b>	<b>(6,242)</b>	<b>(16,873)</b>	<b>(10,521)</b>	<b>-</b>

30 June 2011 (\$'000)	Carrying amount	Contractual cash-flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Trade and other payables	11,330	(11,330)	(11,330)	-	-	-	-
Finance lease liabilities	264	(297)	(149)	(148)	-	-	-
Secured loan	30,138	(33,430)	(8,779)	(12,324)	(12,327)	-	-
<b>Total</b>	<b>41,732</b>	<b>(45,057)</b>	<b>(20,258)</b>	<b>(12,472)</b>	<b>(12,327)</b>	<b>-</b>	<b>-</b>

		Consolidated	
		2012	2011
		\$'000	\$'000

#### (c) Interest rate risk

##### Profile

At the reporting date the interest rate profile of the Company's and the Group's interest-bearing financial instruments was:

##### Fixed rate instruments

Financial assets	1,356	28,562
Financial liabilities	-	(264)
	<b>1,356</b>	<b>28,298</b>

##### Variable rate instruments

Financial liabilities	(30,077)	(30,138)
-----------------------	----------	----------

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change at reporting date would not affect profit or loss.

##### Cash flow sensitivity analysis for variable rate instruments

A decrease of 50 basis points in interest rates at the reporting date would increase net profit by \$235,453 (2011: decrease of \$121,721). This analysis assumes that all other variables remain constant. This analysis was performed in 2011 using a 100 basis points increase in interest rates at reporting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 31. COMMITMENTS

#### (a) Operating lease commitments – Group as lessee

The Group leases office premises in Perth under normal commercial lease arrangements. The lease is for a period of 5 years beginning 1 May 2010. The Group is under no legal obligation to renew the lease once the lease term has expired.

Future minimum rentals payable under non-cancellable operating leases at 30 June are as follows:

Within one year	305	286
Between one and five years	591	873
Total minimum lease payments	896	1,159

#### (b) Finance lease commitments – Group as lessee

The Group had a hire purchase contract for the main diesel storage facility at the Moolart Well Gold Mine. The contract expired in June 2012 and ownership of the storage facility passed to the Group on 4 June 2012.

Within one year	-	297
Between one and five years	-	-
Total minimum lease payments	-	297
Less amounts representing finance charges	-	(33)
Present value of minimum lease payments	-	264

Included in the financial statements as:

Current interest-bearing liabilities	22	-	264
Non-current interest-bearing liabilities	22	-	-
Total included in interest-bearing liabilities	-	-	264

#### (c) 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 (part of the Duketon Gold Project). 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. As at 30 June 2012, at the current contract price, the Group had commitments to purchase electricity for the remaining term of \$6,240,000 (30 June 2011: \$7,800,000).

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 Project. 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. As at 30 June 2012, no such commitment existed for the supply of electricity, however if the Group were to terminate the agreement prior to the Effective Date, it would be liable to pay KPS a maximum of \$1,500,000.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2012	2011
		\$'000	\$'000

### 31. COMMITMENTS (CONTINUED)

#### (d) Exploration expenditure commitments

Exploration expenditure commitments represent tenement rentals and expenditure requirements that may be required to be met under the relevant legislation should the Group wish to retain tenure on all current tenements in which the Group has an interest.

The terms and conditions under which the Group retains title to its various mining tenements oblige it to meet tenement rentals and minimum levels of exploration expenditure as gazetted by the Department of Mining and Petroleum ("DMP"), Western Australia, as well as Local Government rates and taxes.

The exploration commitments of the Group, not provided for in the consolidated financial statements and payable are as follows:

Within one year	1,768	2,495
-----------------	-------	-------

The tenement commitments shown above represent the minimum required to be spent on all granted tenements as at reporting date. Actual expenditure will vary as a result of ongoing management of the tenement portfolio including reductions and relinquishment of tenements not considered prospective, in whole or in part.

Tenement commitments are shown gross of exemptions that are likely to be available in the ordinary course of business as the financial impact of potential exemptions cannot be measured reliably in advance.

#### (e) Duketon Gold Project capital expenditure commitments

The outstanding capital commitments relating to the Duketon Gold Project at 30 June are:

Moolart Well – within 1 year	-	351
Garden Well - within 1 year	7,361	17,227
	<u>7,361</u>	<u>17,578</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 31. COMMITMENTS (CONTINUED)

(f) *Physical gold delivery commitments*

#### Commodity price risk

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group and in compliance with the conditions required by the Group's financier, the Group enters into gold forward contracts to manage the gold price of a proportion of anticipated sales of gold. It is management's intention to settle each contract through physical delivery of gold.

The counterparty to the gold forward contracts is Macquarie Bank Limited ("MBL"). The gold forward sale contracts disclosed below do not meet the criteria of financial instruments for accounting purposes on the basis that they meet the normal purchase/sale exemption because physical gold will be delivered into the contract. Accordingly, the contracts will be accounted for as sale contracts with revenue recognised once the gold has been delivered to MBL or its agent.

	Gold for physical delivery	Contracted gold sale price	Value of committed sales	Mark-to-market
	ounces	\$/oz	\$'000	\$'000
<b>30 June 2012</b>				
Within one year				
- Spot deferred contracts	44,708	1,536.40	68,689	(1,139)
- Fixed forward contracts	48,000	1,340.00	64,320	(11,936)
Between one and five years				
- Fixed forward contracts	70,750	1,441.98	102,020	(14,573)
	<u>163,458</u>		<u>235,029</u>	<u>(27,648)</u>

Spot gold price used to calculate mark-to-market

\$1,561.873/oz

	Gold for physical delivery	Contracted gold sale price	Value of committed sales	Mark-to-market
	ounces	\$/oz	\$'000	\$'000
<b>30 June 2011</b>				
Within one year				
- Spot deferred contracts	91,497	1,421.64	130,076	2,168
- Fixed forward contracts	48,000	1,340.00	64,320	(4,675)
Between one and five years				
- Fixed forward contracts	58,750	1,340.00	78,725	(9,883)
	<u>198,247</u>		<u>273,121</u>	<u>(12,390)</u>

Spot gold price used to calculate mark-to-market

\$1,398.147/oz

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 32. CONTINGENCIES

As at 30 June 2012, the Group did not have any contingent assets or liabilities (30 June 2011: nil).

### 33. AUDITOR'S REMUNERATION

#### *Audit services*

KPMG Australia

	Consolidated	
	2012	2011
	\$	\$
Audit and review of financial statements	135,000	166,180

#### *Other services*

Other assurance services

Taxation compliance services

Total auditor's remuneration

### 34. SUBSEQUENT EVENTS

#### *Exercise of Options*

Subsequent to year end, 837,673 ordinary shares have been issued as a result of the exercise of listed options for proceeds of \$697,197, net of transaction costs.

#### *Acquisition of McPhillamys Gold Project*

On 9 August 2012, the Company announced that it has executed a letter of agreement to acquire the McPhillamys Gold Project in the Bathurst region of New South Wales.

The agreement is with the joint venture owners of the project, Newmont Exploration Pty Ltd (51%), a subsidiary of Newmont Mining Corporation, and Alkane Resources Ltd (49%). The total consideration to be paid is \$150 million, to be allocated between Newmont and Alkane in their respective joint venture interests. The consideration payable to both parties will be satisfied by the issue of Regis shares. The number of shares to be issued will be calculated based on an issue price of \$4.20 per share, being the 45 trading day VWAP of Regis shares ending on the date of the letter of agreement.

The property to be acquired includes three exploration licences (including the gold resource), mining information, two freehold properties overlapping part of the project area and other minor plant and equipment.

The completion of the transaction is subject to the satisfaction within 90 days of a number of conditions precedent in the Regis offer.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature which in the opinion of the directors of the Group, has significantly affected or is likely to significantly affect:

- the operations of the Group
- the results of those operations, or
- the state of affairs of the Group

in future financial years.



## DIRECTORS' DECLARATION

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

1. In the opinion of the directors:
  - (a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, of the Company and the consolidated entity 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 30 June 2012 and of its performance for the financial year ended on that date; and
    - (ii) Complying with Accounting Standards 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.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.
3. The directors draw attention to Note 2(b) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

On behalf of the board



Mr Mark Clark  
Managing Director

Perth, 6 September 2012



## **Independent auditor's report to the members of Regis Resources Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Regis Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

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



*Auditor's opinion*

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(b).

**Report on the remuneration report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

*Auditor's opinion*

In our opinion, the remuneration report of Regis Resources Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Trevor Hart  
*Partner*

Perth

6 September 2012