



ABN 28 009 174 761

and its Controlled Entities

Financial Report for the Year Ended

30 June 2010

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CORPORATE INFORMATION

ABN 28 009 174 761

Directors

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

Solicitors

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Bankers

Australian and New Zealand Banking Group Ltd
77 St Georges Terrace
PERTH WA 6000

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 2010.

Directors

The directors of the Company in office since 1 July 2009 and up to the date of this report, unless otherwise stated, are:

Mr Nick Giorgetta, (Non-Executive Chairman) Age 61

Mr Giorgetta was a founding director of Equigold NL in 1993. He is a metallurgist with over 38 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 served as a director of the following ASX listed companies:

- Equigold NL - June 1993 to June 2008

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

Mr Mark Clark, (Managing Director) Age 41

Mr Clark has 20 years experience in corporate advisory and public company administration. Prior to joining Equigold he held a senior position at an international advisory firm, providing financial and corporate advice to clients in the mining industry.

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 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.

During the past three years Mr Clark has served as a director of the following ASX listed companies:

- Equigold NL - April 2003 to June 2008

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

Mr Morgan Hart, (Executive Director) Age 42

Mr Hart is a geologist with over 20 years of experience in the gold mining industry. He joined Equigold 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 in March 2007 and was appointed a director of the company at the same time (a position he held until June 2008). 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 served as a director of the following ASX listed companies:

- Equigold NL - March 2007 to June 2008

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

DIRECTORS' REPORT (CONTINUED)

Mr Ross Kestel, B.Bus, ACA, FCPA, AICD (Non-Executive Director) Aged 55

Mr Kestel is both a Chartered Accountant and Certified Practising Accountant and was a director of the accounting practice Nissen Kestel Harford from July 1980 until April 2010.

Mr Kestel 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:

- VDM Group Limited – appointed in August 2005
- Jabiru Metals Limited – appointed in August 2003
- Resource Star Limited – appointed in August 2006
- Blackcrest Resources Limited – appointed in June 2006
- Jatoil Limited – appointed in September 2007
- Xstate Resources Limited – appointed in September 2006
- Regis Resources Limited – appointed in July 2009

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

- Equigold NL - April 2005 to June 2008
- Dioro Exploration NL – April 2008 to February 2010
- DVM International Limited – April 2005 to November 2007

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

Mr Mark Okeby, LLM (Non-Executive Director) Age 56

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).

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

- Westgold Resources Limited – appointed in March 2007

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

- Metals X Limited – June 2004 to June 2009

Company Secretary

Mr Kim Massey was appointed as Company Secretary on 14 July 2009. 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.

Mr Massey replaced Mr Tim Hickman as company secretary. Mr Hickman resigned effective 16 July 2009.

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 within the consolidated entity during the period were exploration, evaluation and development of gold projects in the Eastern Goldfields of Western Australia.

There have been no significant changes in the nature of those activities during the period.

DIRECTORS' REPORT (CONTINUED)

Operating and Financial Review

Result for the Year

For 2010, the net result for the Group is an operating loss of \$18,829,240 (2009: loss for the Group of \$91,845,038).

There is no income tax expense attributable to the result for the current or previous year. Tax losses generated to date are expected to be available to offset future profits generated by the Group, although no tax asset has been recognised as at 30 June 2010. Utilisation of tax losses is subject to the generation of sufficient future taxable profit and the ability of the Company to continue to meet the continuity of ownership and/or same business test.

Review of Operations

CORPORATE

Equity Raising

In November and December 2009 Regis completed a \$50.5 million capital raising. The raising was a combination of \$24.3 million placement and \$26.2 million underwritten entitlement issue. The funds were used for the development of the Duketon Gold Project and to provide funding for ongoing exploration activities and working capital.

Resolution of Newmont Guarantee

In November 2009 Regis finalised an agreement with Newmont to settle Regis' liability under a guarantee arrangement involving a third party and restructure the securities held by Newmont over Regis' assets. This enabled Regis to finalise funding for the development of the Duketon Gold Project.

The terms of the settlement included Regis issuing to Newmont an interest free \$10,000,000 convertible note repayable on 31 December 2012 and the issue to Newmont of 5,000,000 options each to subscribe for 1 fully paid Regis share, exercisable at \$0.70 each on or before 31 December 2014.

Debt Financing

During the year Regis secured project loan, gold hedging and performance bond facilities for the Duketon Gold Project. The key features of the facilities were as follows:

- Debt facility of \$45 million.
- Hedging facility of up to 300,000 ounces of gold.
- Performance bond facility of \$5 million.

Gold Hedging

During the year Regis completed a gold hedging programme in relation to the Duketon Gold Project. The hedging contracts cover 190,000 ounces of gold (25% of reserves) at prices between A\$1,340 – A\$1,403 per ounce.

Termination of Royalty

In June 2010 Regis settled a transaction with a third party to terminate a 1.0% net smelter royalty held by the third party over numerous mining and exploration leases at the Duketon Gold Project. The consideration paid by Regis for the termination was \$4.1 million.

DEVELOPMENT

During the year the Company completed a revised Definitive Feasibility Study (DFS) into the Duketon Gold Project and developed the project in accordance with that DFS. Development of the project was completed subsequent to the end of the financial year and the project moved in to the operations phase. The forecast final capital cost of the development is expected to be under the budgeted cost of \$73.4 million.

First gold was poured at the Duketon Gold Project in the last week in August 2010, marking Regis' transition from gold explorer to gold producer.

GOLD EXPLORATION

During the year Regis continued its exploration and development focus on the 100% owned Duketon Gold Project. In particular, work concentrated on the advancement of its exciting new Garden Well discovery towards a maiden resource calculation which is expected in September 2010. In addition to the Garden Well work, drilling and evaluation continued on the Moolart Well and Erlistoun gold deposits. Activities included resource definition drilling at Garden Well, infill drilling in the Moolart Well oxide zone and a detailed reserve study of the Erlistoun gold deposit.

Moolart Well

During the year Regis continued work focussed on increasing confidence in the known mineralised structures in the oxide zone of the Moolart Well deposit and further defining gold resources with the aim of adding to mineable gold reserves. This is a significant exploration opportunity for the Company given the recent commencement of operations at the nearby Moolart Well processing plant.

The work completed to date has confirmed the strong potential within the Moolart Well oxide resources for significant further reserve definition and will continue at pace for a significant portion of the current year.

Garden Well

The Garden Well gold deposit is located 35 kilometres south of the Moolart Well gold processing plant. Regional Aircore drilling at Garden Well in late 2008 intersected broad anomalous gold in two holes 160 metres apart. Regis commenced follow up drilling in November 2009 and since then has completed in excess of 41,000 metres of drilling at the deposit.

Aircore and RC drilling to date have outlined a significant gold deposit located under a 25 to 30 metre thick palaeochannel filled with clay and sand. Aircore drilling has now been completed over a north-south length of 1,400 metres and has fully defined an 880 metre strike length of shallow oxide gold mineralisation. RC drill results indicate that the gold mineralised structure continues at depth and confirm strong fresh rock gold mineralisation over a strike length of at least 720 metres.

The board of Regis believes that, based on the Aircore and RC drilling completed to date, the Garden Well deposit has the potential to become the Company's second mining operation at the Duketon Gold Project and is expediting a target development timetable.

Erlistoun Gold Project

During the year Regis completed an optimisation study of the Erlistoun resources. The results of the study generated a gold reserve for the Erlistoun project of 157,533 ounces, taking total gold reserves for the Duketon Gold Project in excess of 762,000 ounces.

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

On 17 August 2010 the Company announced that the construction phase of the Duketon Gold Project had been completed on time and in line with the \$73.4 million budget and the project had made the transition from the commissioning phase to full operations. The gold stripping circuit was commissioned during the final week of August allowing the first gold pour to be completed, marking Regis' transition to gold producer.

Subsequent to 30 June 2010, 20,003,000 ordinary shares have been issued as a result of the exercise of options and warrants for net proceeds of \$5,688,138, and a further \$15 million has been drawn down under the Macquarie Bank project loan facility.

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 Review of Results of Operations or the Events Subsequent to the Balance Sheet Date sections of the Directors' Report.

Environmental Regulation and Performance

The exploration activities of the Group are conducted in accordance with and controlled principally by Australian State Government legislation. The Group has extensive exploration tenement holdings in Western Australia. The Group employs a system for monitoring environmental performance, reporting environmental incidents, establishing and communicating accountability and documenting environmental performance. During the year, data on environmental performance was reported as part of the exploration reporting regime. In addition, as required under state legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing activities.

The Group is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end the environment is a key consideration in our exploration activities and during the rehabilitation of disturbed areas. Generally rehabilitation occurs shortly following completion of a particular phase of exploration. In addition the Group continues to develop and maintain mutually beneficial relationships with the local communities affected by its activities.

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 at 30 June 2010	Number outstanding at the date of this report
<i>Listed Options</i>			
30 April 2012	\$2.0000	2,576,611	2,576,611
31 October 2012	\$1.0000	3,897,023	3,897,023
31 January 2014	\$0.5000	9,526,894	9,226,894
<i>Unlisted options and warrants</i>			
28 November 2010	\$1.1702	415,000	415,000
31 October 2011	\$1.1165	70,000	70,000
15 June 2012	\$0.8885	557,500	522,500
15 June 2012	\$0.9509	142,500	142,500
22 July 2010	\$0.2800	19,668,000	-
4 February 2014	\$0.1348	90,000	90,000
30 June 2014	\$0.4205	2,150,000	2,150,000
21 December 2013	\$0.7665	10,000,000	10,000,000
31 December 2014	\$0.7000	5,000,000	5,000,000
Total		54,093,528	34,090,528

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 3,245,000 fully paid ordinary shares in Regis Resources Limited at a weighted average exercise price of \$0.1634 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 & Risk Committee	Remuneration & Nomination Committee
Number of meetings held:	9	2	1
Number of meetings attended:			
N Giorgetta	9	2	1
M Clark	9	n/a	n/a
M Hart	9	n/a	n/a
R Kestel	9	2	1
M Okeby	9	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 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	20,000

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 2010 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, and includes the five executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term “executive” includes the Managing Director, executive directors, senior executives, general managers and secretaries of the Parent and the Group and the term “director” refers to non-executive directors only.

Key Management Personnel

Details of KMP including the top five remunerated executives 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)

Executives

J Balkau	General Manager – Exploration
T Hinkley	General Manager – Duketon Gold Project (appointed 10 August 2009)
M Evans	Projects Manager
K Massey	Chief Financial Officer and Company Secretary (appointed 14 July 2009)

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 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, included in which are the five most highly remunerated Company and Group Executives.

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;
- the Group’s performance which is primarily defined as the Group’s success in discovering and developing economically exploitable mineralised systems, with earnings during the reporting period not a significant driver of performance. The value of this strategy will be reflected in the growth in share price and returns on shareholder wealth; and
- the mix of cash and option incentives within each key management personnel’s remuneration package.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

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

In thousands of AUD	2010	2009	2008	2007	2006
Revenue	777	524	135	284	129
Net loss	(18,829)	(91,845)	(2,287)	(1,546)	(1,408)
Basic and diluted loss per share (cents)	(5.58)	(36.84)	(1.72)	(1.61)	(3.00)
Net assets	81,784	35,969	108,357	96,390	42,720

The Directors do not believe the financial performance of the Group is an accurate measure when considering remuneration structures whilst the Group is operating in the exploration and development phase. Companies in the minerals exploration industry do not have an ongoing source of revenue, and revenue is normally derived from ad-hoc transactions.

The more appropriate measure is the identification of exploration targets, identification and/or increase of mineral resources and reserves and the ultimate conversion of the Group from explorer status to mining status.

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 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.

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 Remuneration and Nomination Committee reviews the performance of the key management personnel and employees.

At the end of the calendar year, 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 individuals for approval by the Board.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Long-Term incentives

Options are issued under the Regis Resources Limited 2005 and 2008 Share Option Plans. They provide 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 certain criteria being met detailed as follows:

Grant date and description	Number of options outstanding at 30 June 2010	Vesting conditions	Contractual life of options
Options granted to key management personnel and other employees 25 November 2005	90,000	- Options cannot be exercised until after 25 November 2007. 50% exercisable if the share price increases to \$1.50. - Balance exercisable if the share price increases to \$1.80.	5 years
Options granted to employees on 17 February 2006	325,000	- Options cannot be exercised until after 25 November 2007. 50% exercisable if the share price increases to \$1.50. - Balance exercisable if the share price increases to \$1.80.	4.4 years
Options granted to employees on 2 November 2006	70,000	- Options cannot be exercised until after 31 October 2009. - These options are only exercisable if the share price increases to \$1.433.	5 years
Options granted to certain key management personnel and other employees on 15 June 2007	557,500	1/3 of options vested on issue date. 1/3 of options not exercisable until 15 June 2009. 1/3 of options not exercisable until 15 June 2010.	5 years
Options granted to Directors on 23 November 2007	142,500	1/3 of options vested on issue date. 1/3 of options not exercisable until 15 June 2009. 1/3 of options not exercisable until 15 June 2010.	4.6 years
Options granted to employees on 4 February 2010	90,000	- Options vested on 4 May 2009. - All of these options are now exercisable.	5 years
Options granted to key management personnel and employees on 30 June 2010	2,150,000	1/3 of options not exercisable until 30 June 2010. 1/3 of options not exercisable until 30 June 2011. 1/3 of options not exercisable until 30 June 2012.	5 years
Options granted to key management personnel on 21 December 2009	10,000,000	Immediately vest	4 years
Total options on issue	13,425,000		

REMUNERATION REPORT (AUDITED) (CONTINUED)

Service Agreements

Mr Mark Clark, the Company's Managing Director, has a contract with the Company, with an effective date of 4 May 2009. The contract identifies the duties and obligations to be fulfilled by the Managing Director, the term is for 3 years and specifies a salary of \$300,000 per annum before superannuation. The contract contemplates the issue of 5,000,000 options subject to shareholder approval (approved and granted on 21 December 2009) and provides the Managing Director the opportunity to earn a performance based bonus determined by the Company.

Mr Morgan Hart, the Company's Operations Director, has a contract with the Company, with an effective date of 4 May 2009. The contract identifies the duties and obligations to be fulfilled by the Operations Director, the term is for 3 years and specifies a salary of \$280,000 per annum before superannuation. The contract contemplates the issue of 5,000,000 options subject to shareholder approval (approved and granted on 21 December 2009) and provides the Operations Director the 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.

Dalkeith Resources Pty Ltd ("Dalkeith") a company controlled by Mr David Walker, the Company's former Managing Director, had a contract with the Company, with an effective date of 1 July 2007 to provide the Company with a Managing Director. The contract specified the duties and obligations to be fulfilled by the Managing Director, the term was for 2 years expiring 30 June 2009 and had a contract fee of \$350,000 per annum plus bonuses. The contract was terminated by the Company on 20 May 2009 following Mr Walker being removed as a Director of the Company by shareholders at a General Meeting held on 4 May 2009.

The Company has a Redeployment and Redundancy Policy that is applicable to all employees including Executives (other than the former Managing Director). 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 2007 AGM, is not to exceed \$300,000 per annum. At the date of this report, Non-Executive Directors' base fees are presently up to \$230,000 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 2010

	Short Term		Post Employment	Share Based Payment	Termination Payments	Total	Remuneration Consisting of Options
	Salary, Fees & Commissions	Non-Monetary Benefits	Superannuation	Options			
	\$		\$	\$		\$	%
<i>Executive Directors</i>							
M Clark	300,000	8,207	27,000	1,885,000	-	2,220,207	84.90%
M Hart	280,000	8,207	25,200	1,885,000	-	2,198,407	85.74%
<i>Non-Executive Directors</i>							
N Giorgetta	91,743	-	8,257	-	-	100,000	-
R Kestel	54,996	-	-	-	-	54,996	-
M Okeby	74,459	-	6,701	-	-	81,160	-
<i>Other KMP</i>							
J Balkau	233,945	8,207	21,055	-	-	263,207	-
M Evans	215,000	-	19,350	113,139	-	347,489	32.56%
T Hickman (i)	10,800	2,084	972	-	139,537	153,393	-
T Hinkley (ii)	187,948	-	16,915	75,633	-	280,496	26.96%
K Massey (ii)	188,487	8,207	16,964	60,341	-	273,999	22.02%
Total	1,637,378	34,912	142,414	4,019,113	139,537	5,973,354	

- (i) Mr Hickman resigned as CFO and Company Secretary on 16 July 2009. Mr Hickman's termination payment was calculated in accordance with the Company's Redeployment and Redundancy Policy outlined above.
- (ii) Mr Hinkley and Mr Massey were appointed to their roles on 10 August 2009 and 14 July 2009 respectively.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Table 2: Remuneration for the year ended 30 June 2009

	Short Term		Post Employment	Share Based Payment	Total	Remuneration Consisting of Options
	Salary, Fees & Commissions	Non-Monetary Benefits	Superannuation	Options		
	\$	\$	\$	\$	\$	%
<i>Executive Directors</i>						
M Clark	50,000	-	4,500	-	54,500	-
M Hart	46,667	-	4,200	-	50,867	-
D Walker (i)	295,192	7,386	-	48,695	351,273	13.86%
<i>Non-Executive Directors</i>						
N Giorgetta	15,291	-	1,376	-	16,667	-
R Kestel	-	-	-	-	-	-
M Okeby	-	-	-	-	-	-
G Folie (ii)	29,707	-	23,924	35,044	88,675	39.52%
P Dowd (ii)	38,333	-	-	4,555	42,888	10.62%
J Lucy (ii)	27,305	-	2,457	-	29,762	-
<i>Other KMP</i>						
J Balkau	233,945	4,962	21,055	127,492	387,454	32.91%
T Hickman	205,107	2,250	18,460	117,088	342,905	34.15%
P Lee (iii)	1,612	-	145	-	1,757	-
J Cohen (iv)	12,586	-	1,133	-	13,719	-
Total	955,745	14,598	77,250	332,874	1,380,467	

- (i) Mr Walker was removed effective 4 May 2009. All remuneration payments made during 2009 were made to his related company, Dalkeith Resources Pty Ltd and are included in wages and salaries disclosed at note 8 to the financial statements.
- (ii) Mr Dowd and Mr Lucy resigned as directors of the Company on 4 May 2009. Mr Folie retired on 16 February 2009.
- (iii) Mr Lee resigned as Company Secretary on 4 July 2008.
- (iv) Ms Cohen resigned as General Manager – Finance & Administration on 15 July 2008.

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

2010	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>Directors</i>			\$	\$				
M Clark	5,000,000	21 Dec. 09	\$0.3770	\$0.7665	21 Dec. 13	21 Dec. 09	21 Dec. 13	5,000,000
M Hart	5,000,000	21 Dec. 09	\$0.3770	\$0.7665	21 Dec. 13	21 Dec. 09	21 Dec. 13	5,000,000
<i>Other KMP</i>								
T Hinkley	500,000	10 Aug. 09	\$0.4538	\$0.4205	30 Jun. 14	10 Aug. 10	30 Jun. 14	166,667
Total	10,500,000							10,166,667

2009	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>Directors</i>			\$	\$				
G Folie	150,000	15 Feb. 09	\$0.1615	\$0.1643	4 Feb. 14	4 May 09	4 Feb. 14	150,000
<i>Other KMP</i>								
J Balkau	730,000	15 Feb. 09	\$0.1615	\$0.1643	4 Feb. 14	4 May 09	4 Feb. 14	730,000
T Hickman	725,000	15 Feb. 09	\$0.1615	\$0.1643	4 Feb. 14	4 May 09	4 Feb. 14	725,000
Total	1,605,000							1,605,000

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 \$
<i>Directors</i>			
M Clark	1,885,000	-	-
M Hart	1,885,000	-	-
<i>Other KMP</i>			
J Balkau	-	267,661	-
T Hickman (i)	-	272,383	-
T Hinkley	226,900	-	-

(i) Mr Hickman resigned as CFO and Company Secretary on 16 July 2009. All options exercised by Mr Hickman were exercised prior to this date

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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

As discussed in note 25, the completion of the rights issue in November 2009 triggered a change in the exercise price of any outstanding options granted under the Plan. There were no other 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 2010	Shares issued No.	Paid per share (note 25) \$	Unpaid per share \$
<i>Other KMP</i>			
J Balkau	730,000	\$0.1643	-
T Hickman	725,000	\$0.1643	-
Total	1,455,000		

Signed in accordance with a resolution of the directors.



Mr Mark Clark
Managing Director

Perth, 28 September 2010



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 2010 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

A handwritten signature in blue ink, appearing to read 'Trevor Hart', written over the printed name.

Trevor Hart
Partner

Perth

28 September 2010

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Regis Resources Limited is responsible for establishing the corporate governance framework of the consolidated entity having regard to the ASX Corporate Governance Council published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Corporate Governance Disclosures

The Board and management are committed to corporate governance and to the extent that they are applicable to the Company have followed the “Principles of Good Corporate Governance and Best Practice Recommendations” issued by the Australian Securities Exchange (“ASX”) Corporate Governance Council.

Principle 1: Lay solid foundations for management and oversight

The Board’s role is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company’s shareholders. It assumes responsibility for overseeing the affairs of the Group by ensuring that they are carried out in a professional and ethical manner and that business risks are effectively managed. The Board meets formally on a regular basis to conduct appropriate business. The primary responsibilities of the Board include the following:

- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectation and reviewing operating information to understand at all times the state of the health of the Company;
- Appointing, evaluating, rewarding and if necessary the removal of the Managing Director and senior management;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review, including approval of the annual, half yearly and quarterly reports;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately;
- Ensuring that appropriate audit arrangements are in place;
- Ensuring that Regis acts legally and responsibly on all matters and assuring itself that the Company has adopted, and that the company’s practice is consistent with, a number of guidelines, being:
 - o Directors and Executive Officers Code of conduct
 - o Dealings in Securities
 - o Reporting and Dealing with Unethical Practices
- Reporting to and advising shareholders.

A copy of the Board Charter is available on the Company’s website.

Those who have the opportunity to materially influence the integrity, strategy and operation of the Company and its financial performance are considered to be senior executives.

The role of senior executives is to progress the strategic direction provided by the Board. The matters reserved for senior executives include the following:

- To develop and recommend internal control and accountability systems for the Company and if approved, ensure compliance with such systems;
- To prepare corporate strategy and performance objectives for approval by the Board;
- To prepare systems of risk management and internal compliance and controls, codes of conduct, legal compliance and any other regulatory compliance and if approved, ensure compliance with such systems;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

- To monitor employees performance, recommend appropriate resources and review and approve remuneration;
- To prepare all financial reports, tax returns, budgets and any other appropriate financial reports, meet all statutory deadlines and monitor performance against budgets;
- Prepare recommendations on acquisitions and divestments of assets;
- To implement decisions of the Board on key standards of the Company covering such areas as ethical standards, reputation and culture of the Company and influence and provide guidance for employees on these areas; and
- To protect the assets of the Company.

A copy of the matters reserved for senior executives is available on the Company's website.

The Remuneration and Nomination Committee is responsible for reviewing the performance of senior executives. At the end of the calendar year, the Remuneration and Nomination Committee assess the actual performances of the Group, the separate departments and the individuals' personal performance. A formal performance review was conducted in August 2010.

Principle 2: Structure the Board to add value

Directors of Regis are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment. Independent Directors are non-executive directors who are not substantial shareholders of the Company and do not have any material contractual arrangements with the Company.

The following Directors are considered to be independent:

<i>Name</i>	<i>Position</i>
N Giorgetta	Non-Executive Chairman
R Kestel	Non-Executive Director
M Okeby	Non-Executive Director

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each Director is as follows:

<i>Name</i>	<i>Term</i>
N Giorgetta	No set term agreed, other than per the Company's constitution
M Clark	3 years
M Hart	3 years
R Kestel	No set term agreed, other than per the Company's constitution
M Okeby	No set term agreed, other than per the Company's constitution

Remuneration and Nominations Committee

It is the Company's objective to provide maximum shareholder benefit from the retention of a high quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration and Nomination Committee links the nature and amount of Executive Directors' and Officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of high quality management to the Company; and
- Performance incentives that allow executives to share in the success of the Company.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

- For full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

A copy of the Company's process for evaluating the performance of the Board, its committees and individual directors is on the Company's website.

There is no scheme to provide retirement benefits to Non-Executive Directors.

The Board is responsible for determining and reviewing compensation arrangements for the Directors themselves, the Managing Director and the executive team. The Board has established a Remuneration and Nomination Committee comprising three (3) independent Non-Executive Directors.

The members of the Remuneration and Nomination Committee at the date of this Report are:

- R Kestel (Chairman)
- N Giorgetta
- M Okeby

A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.

Under the Company's Constitution, Directors (other than the Managing Director) are required to retire every three years and may submit themselves for re-election. Directors appointed during the year must retire at the next Annual General Meeting of the Company and may submit themselves for re-election. The Board follows a process to select and appoint new directors as required taking into account candidates' breadth of experience, skills, integrity and willingness to devote time and effort to the Company.

Principle 3: Promote ethical and responsible decision-making

The Group operates under a Code of Conduct that sets out the ethical standards under which the Company operates when dealing with internal and external parties. This Code requires all Directors, officers, employees and contractors of the Company to respect and comply with all laws and regulations and maintain a high standard of professionalism, ethics, and behaviour in the exercise of their duties. They are required to:

- not discriminate against any staff member or potential employee;
- carry out their duties in compliance with the law at all times;
- to use the Group's assets responsibly;
- to respect the confidentiality of the Group's business dealings; and
- take responsibility for their own actions and for the consequences surrounding their own actions.

A copy of the Code of Conduct can be found at the Company's website.

It is the Group's policy to encourage Directors, employees, contractors and related parties to own shares in the Company. The trading in securities policy strongly reinforces the obligations of Directors and employees under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules in relation to trading in Company shares. Under the Company's Trading in Securities Policy, the acquisition and sale of Company shares by Directors and employees is restricted in the one month time period prior to the release of the Company's quarterly, half yearly and full year reports to the Australian Securities Exchange. The Company may at its discretion, notify all Directors and employees that a restricted trading period is in effect which prohibits them from dealing in the Company's securities.

A copy of the Company's Trading in Securities Policy is available on the Regis website.

Principle 4: Safeguard integrity in financial reporting

The Board has established an Audit and Risk Management Committee, which operates under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Board has delegated responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The Audit and Risk Management Committee comprises of the following three independent Non-Executive Directors:

- R Kestel (Chairman)
- N Giorgetta
- M Okeby

A copy of the Audit and Risk Management Charter is available on the Company's website.

The Company's policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Audit and Risk Management Committee. KPMG, who are the current external auditors, have a policy of rotating the audit partner at least every 5 years. The current lead engagement partner was appointed during this financial year.

Principle 5: Make timely and balanced disclosure

The Company has a continuous disclosure policy designed to meet its compliance obligations and to ensure that all matters, which may require announcement to the Australian Securities Exchange, are brought to the attention of Directors immediately.

A copy of the continuous disclosure policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

The Board ensures that shareholders are kept informed of all major developments that affect their shareholding or the Company's state of affairs through quarterly, yearly, annual and ad hoc reports. All shareholders are encouraged to attend the Annual General Meeting to meet the Chairman and Directors and to receive the most updated report on Group activities. The external auditor of the Company will be in attendance at the Annual General Meeting to answer shareholders' questions.

The Company maintains a website at <http://www.regisresources.com> to provide shareholders with up to date information on the Company's activities. Shareholders may also communicate with the Company through its e-mail address enquiries@regisresources.com.

A copy of the Company's Communication with Shareholders policy can be found on the Regis website.

Principle 7: Recognise and manage risk

The Board recognises that the identification and management of risk, including calculated risk taking, is an essential part of creating long term shareholder value.

Management reports directly to the Board on the Company's key risks and is responsible, through the Managing Director for designing, maintaining, implementing and reporting on the adequacy of the risk management and internal control systems.

The Audit & Risk Management Committee monitors the performance of the risk management and internal control systems and reports to the Board on the extent to which it believes the risks are being managed and the adequacy and comprehensiveness of risk reporting from management.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board must satisfy itself, on a regular basis, that risk management and internal control systems for the company have been fully developed and implemented.

The Company has identified specific risk management areas being strategic, operational and compliance.

A detailed risk identification matrix has been developed. High and very high risk issues will be reported to the Board. An internal officer is responsible for ensuring the Company complies with its regulatory obligations. Management also meets regularly to deal with specific areas of risk such as OH&S issues, environmental risk and tenement management.

The CEO and CFO also provide written assurance to the Board on an annual basis that to the best of their knowledge and belief, the declaration provided by them in accordance with Section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.

The assurances from the CEO and CFO can only be reasonable rather than absolute due to factors such as the need for judgement and possible weaknesses in control procedures.

Any material changes in the Company's circumstances are released to the ASX and included on the Company's website. A statement of the Company's existing risk management and internal controls is available on the Regis website.

Principle 8: Remunerate fairly and responsibly

As disclosed under Principle 2, the Company has a Remuneration and Nomination Committee. The details of the Director's and Executives remuneration policies are provided in the Directors' Report under the heading "Remuneration Report".

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2010

		Consolidated	
		2010	2009
	Note	\$'000	\$'000
Interest revenue	6	777	524
Other income	7	559	-
Corporate administrative expenses		(6,433)	(2,424)
Exploration and evaluation written off	17	(97)	(89,295)
Other expenses	8(a)	(463)	-
Financial guarantee liability settlement expense	29	(12,480)	-
Finance costs	8(b)	(692)	(650)
Loss from continuing operations before income tax		(18,829)	(91,845)
Income tax expense	9	-	-
Net loss for the period		(18,829)	(91,845)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Loss attributable to members of the parent		(18,829)	(91,845)
Total comprehensive income attributable to members of the parent		(18,829)	(91,845)
Basic and diluted loss per share attributable to ordinary equity holders of the parent (cents per share)	10	(5.58)	(36.84)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		Consolidated	
		2010	2009
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	11	9,541	4,675
Receivables	12	1,366	87
Inventories	13	40	-
Other current assets	14	121	92
Total current assets		11,068	4,854
Non-current assets			
Financial assets held to maturity	15	1,175	1,269
Plant and equipment	16	470	632
Exploration and evaluation expenditure	17	8,000	38,219
Mine properties under development	18	106,022	-
Total non-current assets		115,667	40,120
Total assets		126,735	44,974
Current liabilities			
Trade and other payables	19	14,609	1,235
Interest-bearing liabilities	20	10,220	4,406
Convertible notes	22	10,000	-
Provisions	21	54	300
Total current liabilities		34,883	5,941
Non-current liabilities			
Interest-bearing liabilities	20	4,341	-
Provisions	21	5,727	3,064
Total non-current liabilities		10,068	3,064
Total liabilities		44,951	9,005
Net assets		81,784	35,969
Equity			
Issued capital	23	226,399	168,330
Share option reserve	24	8,397	1,822
Accumulated losses	24	(153,012)	(134,183)
Total equity		81,784	35,969

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 2010

	Consolidated			
	Issued capital	Accumulated losses	Share option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	168,330	(134,183)	1,822	35,969
Share based payments expense	-	-	6,575	6,575
Shares issued, net of transaction costs	58,069	-	-	58,069
Total comprehensive income for the year, net of tax	-	(18,829)	-	(18,829)
At 30 June 2010	226,399	(153,012)	8,397	81,784
At 1 July 2008	149,620	(42,338)	1,075	108,357
Share based payments expense	-	-	747	747
Shares issued, net of transaction costs	18,710	-	-	18,710
Total comprehensive income for the year, net of tax	-	(91,845)	-	(91,845)
At 30 June 2009	168,330	(134,183)	1,822	35,969

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 2010

		Consolidated	
		2010	2009
	Note	\$'000	\$'000
Cash flows from operating activities			
Payments to suppliers and employees		(3,496)	(3,085)
Interest received		762	552
Interest paid		(1,047)	(633)
R&D rebate received		305	-
Net cash used in operating activities	11(b)	(3,476)	(3,166)
Cash flows from investing activities			
Payments for plant and equipment		(335)	(108)
Payments for exploration and evaluation (net of rent refunds)		(5,098)	(10,865)
Acquisition of interest in tenements		(1,581)	(126)
Proceeds on disposal of tenements		10	-
Payments for mine development		(55,063)	-
Payments for security deposits		-	(83)
Proceeds from security deposits		94	46
Acquisition of subsidiary		-	(387)
Return of refundable deposit		-	499
Net cash used in investing activities		(61,973)	(11,024)
Cash flows from financing activities			
Proceeds from issue of shares		58,786	20,279
Proceeds from shares to be issued		1,820	-
Payment of transaction costs		(717)	(1,645)
Payment of finance lease liabilities		(74)	-
Proceeds from borrowings		14,870	-
Repayment of borrowings		(4,370)	-
Net cash from financing activities		70,315	18,634
Net increase in cash and cash equivalents		4,866	4,444
Cash and cash equivalents at 1 July		4,675	231
Cash and cash equivalents at 30 June	11(a)	9,541	4,675

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 2010

1. CORPORATE INFORMATION

The financial report of Regis Resources Limited (the "Company") for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on 28 September 2010.

Regis Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 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 Australia 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 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI AASB 2 - *Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 *Amendments to Australian Accounting Standards - Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-14 *Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement - AASB 14* make amendments to Interpretation IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. IFRIC 19 will become mandatory for the Group's 30 June 2011 financial statements, with retrospective application required. The Group has not yet determined the potential effect of the interpretation.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) *Receivables*

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

(i) *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. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) *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.

(k) *Plant and equipment*

Items of plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes 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 is charged to the income statement 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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

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

(l) 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 income statement.

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.

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.

(m) 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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

(o) *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.

(p) *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.

(q) *Financial guarantee liabilities*

Financial guarantee contracts are recognised as financial liabilities initially at their fair value as at the date of inception, and amortised to the income statement over the term of the contract. The fair value is determined by taking into account the probability of default by the guaranteed party over the term of the contract, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of potential default).

At each reporting date, the financial guarantee liability is re-assessed and measured at the higher of:

- the initial fair value less cumulative amortisation; or
- the amount that would be recognised in accordance with the Group's accounting policy for provisions.

(r) *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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Regis Resources Limited currently has one qualifying asset being the Duketon Gold Project. Borrowing costs associated with the \$45 million secured loan facility from Macquarie Bank Limited have been capitalised to this asset during the year.

(s) Provisions

A provision is recognised in the balance sheet 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.

Site restoration

Provision for site restoration is recognised in relation to areas where mining and/or exploration activities have previously taken place. The provision includes rehabilitation of former mining waste dump and pit areas and exploration drill holes. The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

The amount of the provision for future restoration costs is capitalised as part of exploration and evaluation expenditure in accordance with accounting policy (e) (whereby future benefit is expected to flow back to the Group), and is subject to impairment review. In determining the restoration obligations the Group has assumed no significant changes will occur in the Federal and State legislation in relation to restoration of such areas.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has already commenced or has been announced publicly. Future operating costs are not provided for.

(t) Employee benefits

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.

(u) 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 25.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

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.

(v) *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.

(w) *Revenue*

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

(x) *Income tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. As the Company and its wholly owned subsidiaries have not derived taxable income in either the current or previous years, there is no tax payable.

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 balance sheet. Any current and deferred taxes attributable to amounts recognised in equity are also recognised directly in equity.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 9). 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.

(y) Goods and services tax

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 balance sheet.

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.

(z) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Restoration obligations

The Group assesses site restoration 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 restoration 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 25. 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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. The Group maintains all of its cash in interest-bearing bank deposits in Australian dollars.

Interest rate risk

The Group exposed to interest rate risk through its secured project loan facility from Macquarie Bank Limited ("MBL"), which attracts a variable interest rate equivalent to BBSW plus 3.5%. The Group constantly analyses its interest rate exposure and considers the cost of equity financing as an alternative to debt.

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.

Comparative segment information has been re-presented in conformity with the transitional requirements of AASB 8. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on loss per share.

The Group currently has one reportable segment, being the Duketon Gold Project which is currently under development and consequently is not yet earning any revenues or incurring non-capitalised expenses. Refer to notes 13 and 18 for details of total assets related to this reportable segment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000
6. REVENUE			
Interest received		777	524
7. OTHER INCOME			
R&D rebate		305	-
Exploration rent refunds		254	-
		559	-
8. EXPENSES			
<i>(a) Other expenses</i>			
Additional provision for restoration		440	-
Net loss on sale of tenement		18	-
Exploration license application fees		5	-
		463	-
<i>(b) Finance costs</i>			
Interest expense		510	545
Unwinding of discount on provisions		182	105
		692	650
<i>(c) Depreciation, impairment and amortisation included in the statement of comprehensive income</i>			
Depreciation expense		325	381
Less: Amounts charged to exploration projects		(305)	(356)
Depreciation charged to the statement of comprehensive income		20	25
<i>(d) Lease payments and other expenses included in the statement of comprehensive income</i>			
Minimum lease payments – operating lease		386	348
Less: Amounts capitalised to exploration projects		(131)	(271)
Recognised in the statement of comprehensive income		255	77

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

8. EXPENSES (CONTINUED)

(e) Employee benefits expense

Wages and salaries	5,038	3,625
Defined contribution superannuation expense	434	250
Share-based payments expense	4,095	748
Redundancy expense	-	225
Other employee benefits expense	313	216
	9,880	5,064
Less: Amounts capitalised to exploration projects	(1,869)	(4,296)
Less: Amounts capitalised to mine properties under development	(2,762)	-
Employee benefits expense recognised in the statement of comprehensive income	5,249	768

9. INCOME TAX

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

Current income tax

Current income tax benefit	(4,464)	(3,496)
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Deferred income tax

Relating to the origination and reversal of temporary differences	3,805	2,868
Income tax losses not brought to account because their realisation is not regarded as probable	659	628
Income tax (benefit)/expense reported in the statement of comprehensive income	-	-

(b) A reconciliation between tax expense and the product of accounting loss before tax multiplied by the Group's applicable income tax rate is as follows:

Accounting loss before income tax	(18,829)	(91,845)
At the Group's statutory income tax rate of 30% (2009: 30%)	(5,648)	(27,554)
Impairment of exploration and evaluation expenditure	29	26,789
Financial guarantee liability settlement expense	3,744	-
Share-based payments	1,160	88
R&D deduction	-	15
Unwinding of discount on provisions	54	32
Other non-deductible items	2	2
Deferred tax assets not brought to account as their realisation is not regarded as probable	659	628
Income tax reported in the statement of comprehensive income	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

9. INCOME TAX (CONTINUED)

(c) Deferred income tax

Deferred income tax at 30 June relates to the following:

Consolidated

Deferred tax liabilities

Accrued interest receivable		10	6
Plant and equipment		47	97
Exploration and evaluation assets		2,400	11,466
Mine properties under development		13,665	-
Recognition of losses to offset future taxable income		(16,122)	(11,569)
		-	-

Deferred tax assets

Accruals		136	136
Provisions		1,734	1,009
Section 40-880 deductions		668	776
Losses available to offset against future taxable income	(i)	36,845	32,382
Recognition of losses to offset deferred tax liability		(16,122)	(11,569)
Deferred tax assets not brought to account as their realisation is not regarded as probable		(23,261)	(22,734)
Net deferred tax assets/(liabilities)		-	-

(i) Tax losses are available to carry forward indefinitely. The Group has recognised a deferred income tax asset in relation to these losses only to the extent that they offset deferred tax liabilities. Realisation of the balance of these losses is not regarded as probable.

(d) Unrecognised temporary differences

At 30 June 2010 there are no unrecognised temporary differences associated with the Group's investment in subsidiaries (2009: \$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	
		2010	2009
		\$'000	\$'000

10. LOSS PER SHARE

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

Net loss	18,829	91,845
	No. Shares Thousands	No. Shares Thousands
Weighted average number of ordinary shares	320,836	235,208
Adjustment for bonus element in rights issue completed during the year ended 30 June 2010	16,355	14,100
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	337,191	249,308

As the options outstanding at reporting date would reduce the loss per share from continuing operations on conversion, the potential ordinary shares are not considered dilutive.

11. 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	9,541	4,675
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At 30 June 2010, the Group had available \$30.13 million (2009: \$5 million) of undrawn committed borrowing facilities.

(c) Reconciliation of net loss after income tax to cash flows used in operations

Net loss for the year	(18,829)	(91,845)
<i>Adjustments for:</i>		
Unwinding of discount on provisions	182	106
Borrowing costs capitalised to qualifying asset	(621)	-
Transaction costs recognised against interest-bearing liabilities	(796)	-
Financial guarantee settlement expense	12,480	-
Exploration expenditure written off	97	89,295
Share based payments	3,868	295
Net loss on disposal of tenement	18	-
Depreciation	20	25
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(542)	132
(Increase)/decrease in other current assets	(29)	-
Increase/(decrease) in trade and other payables	461	(904)
Increase/(decrease) in provisions	215	(270)
Net cash used in operating activities	(3,476)	(3,166)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

11. CASH AND CASH EQUIVALENTS (CONTINUED)

(d) Non-cash Financing and Investing Activities

During the year ended 30 June 2010, the Company entered into a hire purchase arrangement for the construction of its main diesel storage facility at the Duketon Gold Project (refer note 20). In the prior year the Company issued 500,000 shares as consideration for the acquisition of an interest in certain tenements. These transactions are not reflected in the statements of cash flows.

12. RECEIVABLES (CURRENT)

GST receivable (net)	1,278	59
Interest receivable	35	20
Other	53	8
	<u>1,366</u>	<u>87</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)

Consumables (at cost)	<u>40</u>	<u>-</u>
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14. OTHER CURRENT ASSETS

Prepayments	<u>121</u>	<u>92</u>
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15. FINANCIAL ASSETS HELD TO MATURITY (NON-CURRENT)

Term deposits	(i)	<u>1,175</u>	<u>1,269</u>
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(i) Term deposits are held as security against rehabilitation performance bonds and office lease commitments. Term deposits earn a fixed rate of interest which at year end was 5.21% (2009: 3.4%).

(a) Fair value

Term deposits generally have a maturity between 60 and 90 days (2009: 90 days) but are classified as non-current as they are required to secure obligations existing beyond 12 months. Due to the underlying short-term nature of term deposits, their carrying value is assumed to approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated			
		Plant and equipment	Fixtures and fittings	Capital WIP	Total
		\$'000	\$'000	\$'000	\$'000

16. PLANT AND EQUIPMENT (NON-CURRENT)

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

At 1 July 2009 net of accumulated depreciation		625	7	-	632
Additions		233	-	153	386
Depreciation expense		(323)	(2)	-	(325)
Transfers to Mine Properties Under Development	18	(223)	-	-	(223)
At 30 June 2010 net of accumulated depreciation		312	5	153	470

At 30 June 2010

Cost		1,614	20	153	1,787
Accumulated depreciation		(1,302)	(15)	-	(1,317)
Net carrying amount		312	5	153	470

At 1 July 2008 net of accumulated depreciation		723	11	-	734
Additions		279	-	-	279
Depreciation expense		(377)	(4)	-	(381)
Disposals/transfers		-	-	-	-
At 30 June 2009 net of accumulated depreciation		625	7	-	632

At 1 July 2008

Cost		1,586	20	-	1,606
Accumulated depreciation		(863)	(9)	-	(872)
Net carrying amount		723	11	-	734

At 30 June 2009

Cost		1,604	20	-	1,624
Accumulated depreciation		(979)	(13)	-	(992)
Net carrying amount		625	7	-	632

(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. Refer note 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000
17. EXPLORATION AND EVALUATION ASSETS (NON-CURRENT)			
Balance at 1 July		38,219	116,929
Acquisition of mining lease		1,581	-
Expenditure for the period		6,803	10,585
Write-offs to the income statement	(i)	(97)	(89,295)
Disposal of tenements		(28)	-
Transferred to Mine Properties Under Development	18	(38,478)	-
Balance at 30 June		8,000	38,219

(i) The prior year includes impairment write downs resulting from a review of costs capitalised on an area of interest basis. The Company's new management and Board made the decision to critically assess the carrying value of its non-core assets at year end. The Board deemed it appropriate in light of its strategy and current market conditions and following a review of the prospectivity of non-core projects to write down the capitalised expenditure on all projects other than the Duketon Gold Project.

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 note 20.

18. MINE PROPERTIES UNDER DEVELOPMENT (NON-CURRENT)

(a) Duketon Gold Project

Balance at beginning of period		-	-
Capitalised borrowing costs		664	-
Transferred from Plant and Equipment	16	223	-
Transferred from Exploration and Evaluation Assets	17	38,478	-
Construction expenditure		53,575	-
Harmony royalty termination expense		4,125	-
Pre-production expenditure capitalised		6,938	-
Rehabilitation provision recognised		2,019	-
Balance at end of period		106,022	-

(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 note 20.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

19. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables		7,113	454
Accrued expense		4,995	157
Employee entitlements		238	624
Other payables		2,263	-
		<u>14,609</u>	<u>1,235</u>

(a) Fair value

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

20. INTEREST-BEARING LIABILITIES

Current

Secured bank loan	(i)	10,000	-
Finance lease liabilities		220	-
Loan from former Managing Director	(ii)	-	4,406
		<u>10,220</u>	<u>4,406</u>

Non-Current

Secured bank loan	(i)	4,118	-
Finance lease liabilities		223	-
		<u>4,341</u>	<u>-</u>

(i) Secured bank loan

The secured bank loan is provided by Macquarie Bank Limited to fund the development of the Duketon Gold Project. Key terms and conditions of the loan are as follows:

- Interest rate	BBSW + 3.5%
- Facility limit – Tranche 1	\$40 million
- Maturity date – Tranche 1	28 June 2013
- Facility limit – Tranche 2	\$5 million
- Maturity date – Tranche 2	30 June 2014

The first principal repayment of \$10 million is required on 30 June 2011.

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.

(ii) Loan from former Managing Director

The loan facility provided by Dalkeith Resources Pty Ltd, a related entity of Mr David Walker, the Group's former Managing Director, was repaid in full on 1 April 2010.

(a) Fair values

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

21. PROVISIONS

Provision for site restoration

Balance at 1 July	3,139	2,767
Provisions made during the year	2,460	301
Provisions reversed during the year	-	(34)
Unwinding of discount	182	105
Balance at 30 June	5,781	3,139
Current	54	75
Non-current	5,727	3,064
	5,781	3,139

Nature and purpose of provision for site restoration

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.

Provision for restructure

Balance at 1 July	225	-
Provisions made during the year	-	225
Provisions utilised during the year	(225)	-
Balance at 30 June	-	225
Current	-	225
Non-current	-	-
	-	225

Nature & purpose of provision for restructuring

A provision for restructure was recognised at 30 June 2009 as a result of the move in the Group's corporate office from Melbourne to Perth. The balance represented bona fide redundancy payments payable to non-relocating Melbourne staff.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

22. CONVERTIBLE NOTE LIABILITY (CURRENT)

10,000,000 convertible notes issued at \$1	10,000	-
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(a) Terms and conditions

The convertible notes were issued by the Company on 26 March 2010 as partial consideration required to settle its financial guarantee liability (see note 29).

The convertible note liability can be settled through conversion into a variable number of ordinary shares, or settled in cash at the election of the Company.

The notes are convertible by the Company on or before 31 December 2012 at the 30 day volume weighted average price of Regis' ordinary shares, however it is management's intention to settle within the next 12 months.

The convertible notes, if converted to ordinary shares, will rank equally with the shares currently on issue. Prior to conversion into ordinary shares, the convertible notes do not carry voting rights or entitlements to dividends.

23. CONTRIBUTED EQUITY

Ordinary shares – issued and fully paid	226,399	168,330
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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 Thousands	\$'000
<i>Movement in ordinary shares on issue</i>		
At 1 July 2008	142,349	149,620
Issued for cash	98,150	19,630
Issued on exercise of options	800	131
Issued on exercise of warrants	1,850	518
Issued as consideration for the purchase of certain tenements	500	85
Transaction costs	-	(1,654)
At 30 June 2009	243,649	168,330
Issued for cash	120,333	50,540
Issued on exercise of options	3,245	530
Issued on exercise of warrants	27,557	7,716
Transaction costs	-	(717)
At 30 June 2010	394,784	226,399

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

23. CONTRIBUTED EQUITY (CONTINUED)

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.

24. ACCUMULATED LOSSES AND RESERVES

(a) Accumulated losses

At 1 July		(134,183)	(42,338)
Net loss for the year		(18,829)	(91,845)
At 30 June		(153,012)	(134,183)

(b) Share option reserve

At 1 July		1,822	1,075
Share-based payments – employees	25	4,095	747
Share-based payments – others	25	2,480	-
At 30 June		8,397	1,822

(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.

25. 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		4,095	747
Expense arising from equity-settled share-based payment transactions with others		2,480	-
Total expense arising from share-based payment transactions		6,575	747

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. SHARE-BASED PAYMENTS (CONTINUED)

In accordance with the terms and conditions of the Regis Resources Limited 2008 Employee Share Option Plan (the "Plan"), the completion of the Rights Issue in November 2009 triggered a change in the exercise price of any outstanding options granted under the Plan. The number of options outstanding and the related exercise price before and after the Rights Issue are set out below.

Option Grant	No. of options outstanding at 30 June 2010	Exercise price before Rights Issue	Exercise price after Rights Issue
25 November 2005 and 17 February 2006 issues	415,000	\$1.2000	\$1.1702
2 November 2006 issue	70,000	\$1.1460	\$1.1165
15 June 2007 issue	587,500	\$0.9180	\$0.8885
23 November 2007 issue	142,500	\$0.9804	\$0.9509
4 February 2009 issue	90,000	\$0.1643	\$0.1348
30 June 2009 issue	2,150,000	\$0.4500	\$0.4205

In accordance with AASB 2, the fair value of each of the above option grants was calculated immediately before and immediately after the modification to determine the incremental fair value of options granted. The result was not material and no additional share-based payments expense has been recognised in respect of this modification.

(b) Employee share option plan (ESOP)

In October 2008, the Company updated the Regis Resources Limited 2008 Share Option Plan (the "Plan") which allows Directors, officers and employees to purchase shares in the Company.

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 committee may issue to eligible employees options to acquire shares in the future at an exercise price fixed by the board or remuneration committee on grant of the options.

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.

(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:

	2010		2009	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	6,336,000	\$0.4244	3,881,000	\$1.0496
Granted during the year (i)	15,500,000	\$0.7348	5,785,000	\$0.2458
Forfeited during the year	(166,000)	\$1.0163	(2,530,000)	\$1.0574
Exercised during the year (ii)	(3,245,000)	\$0.1643	(800,000)	\$0.1643
Expired during the year	-	-	-	-
Outstanding at the end of the year	18,425,000	\$0.7260	6,336,000	\$0.4244
Exercisable at the end of the year (i)	16,506,667	\$0.7153	4,686,000	\$0.4154

(i) The balance of options granted in the 2010 year includes 5 million options granted to Newmont with an exercise price of \$0.70 as discussed further in note 29.

(ii) The weighted average share price at the date of exercise was \$0.54 (2009: \$0.50).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. SHARE-BASED PAYMENTS (CONTINUED)

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2010 is 3.4 years (2009: 4.9 years).

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was \$0.1348 to \$1.1705 (2009: \$0.1643 to \$1.20).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.4179 (2009: \$0.2449).

(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 2010 and 30 June 2009:

	2010 Newmont	2010 ESOP	2009
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	58.3%	99.3% - 113%	117% - 133%
Risk free interest rate (%)	4.95%	4.74% - 6.25%	6.25%
Expected life of the option (years)	2 years	3 years	2.5 – 3.5 years
Option exercise price (\$)	\$0.7000	\$0.4500 - \$0.7665	\$0.1643 - \$0.4500
Weighted average share price at grant date (\$)	\$1.0200	\$0.6238	\$0.2813

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.

		2010	2009
		\$	\$

26. KEY MANAGEMENT PERSONNEL

(a) Compensation for key management personnel

Short-term employee benefits	1,672,290	970,343
Post-employment benefits	142,414	77,250
Termination benefits	139,537	-
Share-based payment	4,019,113	332,874
Total compensation	5,973,354	1,380,467

Key management personnel compensation includes fees paid and payable to a company related to the former Managing Director for the Managing Director's services of \$nil (2009: \$295,000)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option holdings of key management personnel

	Held at start of period	Granted as remuner- ation	Options exercised	Net change other	Held at end of period	Vested at 30 June 2010		
	1 July 2009				30 June 2010	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	1,457,500	-	(730,000)	-	727,500	727,500	402,500	325,000
T Hinkley**	-	500,000	-	-	500,000	166,667	166,667	-
M Evans*	-	-	-	750,000	750,000	250,000	250,000	-
K Massey**	-	-	-	400,000	400,000	133,333	133,333	-
T Hickman^	725,000	-	(725,000)	-	-	-	-	-
Total	2,182,500	10,500,000	(1,455,000)	1,150,000	12,377,500	11,227,500	10,952,500	325,000

* Mr Evans was not classified as a KMP at 30 June 2009. "Net Change Other" represents the number of options held at the date of becoming KMPs.

** Mr Hinkley and Mr Massey were appointed on 10 August 2009 and 14 July 2009 respectively. "Net Change Other" represents the number of options held at the date of becoming KMPs.

^Mr Hickman resigned on 16 July 2009.

	Held at start of period	Granted as remuner- ation	Options exercised	Net change other	Held at end of period	Vested at 30 June 2009		
	1 July 2008				30 June 2009	Total	Exercisable	Not exercisable
<i>Directors</i>								
G Folie*	332,500	150,000	-	(482,500)	-	-	-	-
D Walker^	4,695,000	-	-	(4,695,000)	-	-	-	-
P Dowd^	105,000	-	-	(105,000)	-	-	-	-
<i>Executives</i>								
J Balkau	727,500	730,000	-	-	1,457,500	1,457,500	1,132,500	325,000
T Hickman	-	725,000	-	-	725,000	725,000	725,000	-
P Lee ⁺	190,550	-	-	(190,550)	-	-	-	-
J Cohen ⁺	662,500	-	-	(662,500)	-	-	-	-
Total	6,713,050	1,605,000	-	(6,135,550)	2,182,500	2,182,500	1,857,500	325,000

* Mr Folie retired on 16 February 2009. "Net Change Other" represents the number of options held at the date of his retirement.

^ Mr Walker was removed and Mr Dowd resigned from the Board on 4 May 2009. "Net Change Other" represents the number of options held at the date of removal and resignation.

⁺ Mr Lee and Ms Cohen resigned on 4 July 2008 and 15 July 2008 respectively. "Net Change Other" represents the number of options held at the date of their respective resignations.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of key management personnel

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

	Held at 1 July 2009	On exercise of options	Net change other	Held at 30 June 2010
<i>Directors</i>				
N Giorgetta	7,586,659	-	10,943,012	18,529,671
M Clark	5,252,726	-	4,207,274	9,460,000
M Hart	4,131,171	-	5,258,039	9,389,210
M Okeby	-	-	1,200,000	1,200,000
<i>Other KMP</i>				
J Balkau	93,415	730,000	-	823,415
M Evans*	-	-	913,188	913,188
T Hickman (resigned, 16 Jul. 09)^	-	725,000	(725,000)	-
T Hinkley (appointed, 10 Aug. 09)*	-	-	802,500	802,500
K Massey (appointed, 14 Jul. 09)*	-	-	42,857	42,857
Total	17,063,971	1,455,000	22,641,870	41,160,841

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

* Net change other represents the number of shares held at the date of appointment as KMP, net of on-market purchases or disposals.

^ Net change other represents the number of shares held at the date of ceasing to be a KMP.

	Held at 1 July 2008	On exercise of options	Net change other	Held at 30 June 2009
<i>Directors</i>				
N Giorgetta (appointed, 4 May 09)*	-	-	7,586,659	7,586,659
M Clark (appointed, 4 May 09)*	-	-	5,252,726	5,252,726
M Hart (appointed, 4 May 09)*	-	-	4,131,171	4,131,171
G Folie (retired, 16 Feb. 09)^	621,506	-	(621,506)	-
D Walker (removed, 4 May 09)^	842,500	-	(842,500)	-
P Dowd (resigned, 4 May 09)^	50,000	-	(50,000)	-
<i>Other KMP</i>				
J Balkau	93,415	-	-	93,415
P Lee (resigned, 7 Jul. 08)^	1,200	-	(1,200)	-
J Cohen (resigned, 15 Jul. 08)	18,415	-	(18,415)	-
Total	1,627,036	-	15,436,935	17,063,971

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

* Net change other represents the number of shares held at the date of appointment as KMP, net of on-market purchases or disposals.

^ Net change other represents the number of shares held at the date of ceasing to be 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. KEY MANAGEMENT PERSONNEL (CONTINUED)

(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

In December 2007, the Group was provided with a loan facility from Dalkeith Resources Pty Ltd, a related entity of the Group's former Managing Director, Mr David Walker. Interest on the borrowings was payable at the National Australia Bank's Business Overdraft Commercial rate plus 1%. The loan was repayable by mutual agreement between the Company and Dalkeith Resources Pty Ltd and was unsecured. The loan was repaid in full in April 2010 (2009 balance: \$4,406,181). Refer note 20.

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.

27. 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	
		2010	2009	2010	2009
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%	-	-
				<u>30,575</u>	<u>30,575</u>

(b) Ultimate parent

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

(d) 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 2010, the balance of the loan receivable from Duketon was \$4,925,730 (2009: \$nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

28. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Regis Resources Limited, at 30 June 2010. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

Current assets	11,068	4,854
Non-current assets	111,705	36,158
Total assets	122,773	41,012
Current liabilities	34,844	5,880
Non-current liabilities	7,097	614
Total liabilities	41,941	6,494
Contributed equity	226,399	168,330
Accumulated losses	(153,964)	(135,634)
Share option reserve	8,397	1,822
Total equity	80,832	34,518
Net loss for the year	(18,330)	(93,427)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(18,330)	(93,427)

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 2010 as disclosed at note 31.

All capital commitments disclosed at note 30 are commitments incurred by the parent entity, except for \$2,690,034 of the exploration expenditure commitments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL INSTRUMENTS

(a) Financial guarantee liabilities

On 15 February 2010, the Company executed formal documentation with Newmont Mining Finance Pty Ltd ("Newmont") as agreed under a heads of agreement entered into on 9 November 2009, and on 26 March 2010 shareholder approval of the documentation was obtained. This agreement resolved Regis' position as a guarantor of a loan owing from a third party to Newmont and to restructure the securities held by Newmont over the Company's assets in connection with the guarantee.

Finalisation of these matters has enabled the Company to finalise funding for the development of the Duketon Gold Project.

The terms of the settlement approved by the shareholders were as follows:

1. The Company has issued to Newmont an interest free \$10 million convertible note which is repayable on 31 December 2012. At the election of the Company, the note may be converted into equity at the 30 day volume weighted average price ("VWAP") of Regis shares at or before the repayment date. Newmont's existing securities will secure the note and Newmont will release the security when the note is repaid (refer note 22);
2. The Company has issued to Newmont 5 million options each to subscribe for 1 fully paid Regis share, exercisable at 70 cents each on or before 31 December 2014 (refer note 25);
3. Newmont's securities rank second behind the primary financier for the Duketon Gold Project.

The agreement to issue the convertible note and options represents consideration for Newmont entering into the agreement with the Company and operates to reduce the amount which may otherwise have been payable by the Company under the guarantee. The convertible note and the options have been deemed to be monies paid by the Company to Newmont under the guarantee. On and from the date at which the convertible note liability is settled, either through the payment of cash or the issue of shares, the Company shall only be obliged to pay any amount subsequently recovered by the Company under the Surfer Holdings Pty Ltd ("Surfer") indemnity deed (the "Surfer Deed", refer to the 2009 Annual Report). If no monies are recovered under the Surfer Deed, no amount in excess of the value of the convertible note and options will be payable by the Company. The Company's liability under its financial guarantee contract with Newmont is now capped at the value of the convertible note and options.

At the written request of the Company, Newmont shall terminate the guarantee provided that it is satisfied that the Company has exercised its rights under the Surfer Deed and no further money may reasonably be recovered under the Surfer Deed.

A total expense of \$12.48 million has been recognised in the statement of comprehensive income for the year ended 30 June 2010 in respect of settlement of the above financial guarantee liability. The components of this expense comprise the following:

	As at 26 March 2010
	\$'000
Fair value of convertible notes	10,000
Fair value of options	2,480
Total financial guarantee settlement expense	12,480

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Liquidity risk

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

30 June 2010 (\$'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	14,371	(14,371)	(14,371)	-	-	-	-
Finance lease liabilities	443	(520)	(124)	(148)	(248)	-	-
Convertible notes*	10,000	(10,000)	-	(10,000)	-	-	-
Secured loan**	14,118	(19,366)	14,367	(11,246)	(16,690)	(5,797)	-
Total	38,932	(44,257)	(128)	(21,394)	(16,938)	(5,797)	-

* At the Company's election, the convertible note liability can be settled through the issue of a variable number of Regis' ordinary shares at any time on or before 31 December 2012. This is the Company's intended settlement date.

** Included in the contractual cash flows are actual additional draw downs of \$15 million under the secured loan facility that have occurred subsequent to year end but prior to finalisation of the financial report to fund the completion of the Duketon Gold Project construction.

30 June 2009 (\$'000)	Carrying amount	Contractual cash-flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
Interest bearing loan	4,406	(4,406)	-	(4,406)*	-	-	-
Trade and other payables	611	(611)	(611)	-	-	-	-
Total	5,017	(5,017)	(611)	(4,406)	-	-	-

*This is the Company's intended payment date, but the timing of the repayment is at the Company's discretion.

(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

	Consolidated	
	2010	2009
	\$'000	\$'000
Financial assets	10,716	5,944
Financial liabilities	(443)	(855)
	10,273	5,089
Variable rate instruments		
Financial liabilities	(14,118)	(4,406)

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 change of 100 basis points in interest rates at the reporting date would have no impact on profit as all interest expense (associated entirely with the secured loan liability) is being capitalised to the qualifying asset (2009: \$44,000 decrease in profit). This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2009.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

30. COMMITMENTS

(a) Operating lease commitments – Group as lessee

The Group leases premises in Melbourne and Perth under normal commercial lease arrangements. All leases are for a period of 3 to 5 years and the Group is under no legal obligation to renew the leases once the lease term has expired.

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

Within one year	555	303
Between one and five years	1,140	341
Total minimum lease payments	1,695	644

(b) Finance lease commitments – Group as lessee

The Group has entered into a hire purchase contract for the main diesel storage facility to be constructed at the Duketon Gold Project. The contract expires in two years and ownership of the storage facility passes to the Group once all contractual payments have been made.

Within one year	272	-
Between one and five years	248	-
Total minimum lease payments	520	-
Less amounts representing finance charges	(77)	-
Present value of minimum lease payments	443	-

Included in the financial statements as:

Current interest-bearing liabilities (note 20)	220	-
Non-current interest-bearing liabilities (note 20)	223	-
Total included in interest-bearing liabilities	443	-

(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 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 2010, 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 have been liable to pay KPS a maximum of \$2,240,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2010	2009
		\$'000	\$'000

30. 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	3,902	5,973
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The tenement commitments shown above represent the minimum required to be spent on all granted tenements as at balance sheet 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 31 December 2009 are:

Within 1 year	3,427	-
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(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
30 June 2010	ounces	\$	\$'000
Within one year			
- Spot deferred contracts	40,000	1,403.43	56,137
- Fixed forward contracts	43,250	1,340.00	57,955
Between one and five years			
- Fixed forward contracts	106,750	1,340.00	143,045
	190,000		257,137
Fair value of physical gold delivery commitments			(40,147)

The Group has no other gold sale commitments. There were no gold sales commitments at the end of the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. CONTINGENCIES

As at 30 June 2010, the Group does not have any contingent assets or liabilities.

32. AUDITOR'S REMUNERATION

Audit services

Auditors of the Company

KPMG Australia

Audit and review of financial statements

Consolidated	
2010	2009
\$	\$

92,000

70,000

Other services

Other assurance services

Taxation compliance services

Total Auditor's Remuneration

-

4,000

20,000

20,000

112,000

94,000

33. SUBSEQUENT EVENTS

On 17 August 2010 the Company announced that the construction phase of the Duketon Gold Project had been completed and had made the transition from the commissioning phase to full operations. The gold stripping circuit was commissioned during the final week of August with the first gold pour representing Regis' transition to producer.

Subsequent to 30 June 2010, 20,003,000 ordinary shares have been issued as a result of the exercise of options and warrants for net proceeds of \$5,688,138.

Additional draw downs under the secured loan facility totalling \$15 million have occurred subsequent to year end to fund the completion of the Duketon Gold Project construction.

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 2010 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 2010.
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, 28 September 2010



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

Report on the financial report

We have audited the accompanying financial report of the Group comprising Regis Resources Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2010, 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, a summary of significant accounting policies and other explanatory notes 1 to 33 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(b), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a 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 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) 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 pages 9 to 16 of the directors' report for the year ended 30 June 2010. 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 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Trevor Hart
Partner

Perth

28 September 2010