



ABN 28 009 174 761

and its Controlled Entities

Financial Report for the Year Ended

30 June 2011

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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 2011.

Directors

The directors of the Company in office since 1 July 2010 and up to the date of this report, unless otherwise stated, are:

Mr Nick Giorgetta, (Non-Executive Chairman)

Mr Giorgetta joined the board of Regis Resources Limited in May 2009 as non-Executive chairman. Prior to this Mr Giorgetta was a founding director of Equigold NL. He is a metallurgist with over 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 not served as a director of any other ASX listed companies.

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

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

Mr Clark has over 20 years experience in corporate advisory and public company management. Prior to joining Regis Resources Limited Mr Clark was the Managing Director of Equigold NL.

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

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

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

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

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

Mr Morgan Hart, (Executive Director)

Mr Hart is a geologist with over 20 years of experience in the gold mining industry. He joined Regis Resources Limited in May 2009 as the Company's Operation Director. Prior to joining Regis Mr Hart was an Executive Director with Equigold NL. He joined Equigold NL in 1994 and held senior management positions in exploration and mining operations, including General Manager at the Mt Rawdon Gold Mine from 2005 to 2007. He was appointed to the position of General Manager of Operations of Equigold in March 2007 and was appointed a director of the company at the same time. His key responsibility during this period included overseeing the development and operational start up at the Bonikro Gold Mine in Ivory Coast.

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

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

DIRECTORS' REPORT (CONTINUED)

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

Mr Kestel is a Chartered Accountant and was a director of a mid tier accounting practice for over 25 years.

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

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

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

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

- VDM Group Limited;
- Jabiru Metals Limited;
- Doro Exploration NL; and
- Blackcrest Resources Limited.

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

Mr Mark Okeby, LL.M (Non-Executive Director)

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

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

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

- Metals X Limited – June 2004 to June 2009
- Westgold Resources Limited – March 2007 to March 2010

Company Secretary

Mr Kim Massey, B.Com, CA

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

Dividends

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

DIRECTORS' REPORT (CONTINUED)

Nature of Operations and Principal Activities

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

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

Other than commencement of production of gold from the Moolart Well gold mine in August 2010, there have been no significant changes in the nature of these activities during the year.

Operating and Financial Review

RESULT FOR THE YEAR

The Group's net profit for the year after tax is \$36,280,814 (2010: net loss for the Group of \$18,829,240). The turnaround in the result is due to the commencement of operations at the Moolart Well gold mine as discussed in the Review of Operations below.

OPERATIONS – MOOLART WELL

The Company completed development of the Moolart Well Gold Mine during the September 2010 quarter for a final capital cost of \$67 million compared to budget of \$73 million. The processing plant was commissioned in July 2010 with the first gold pour on 31 August 2010.

Moolart Well Gold Mine operating results from the commencement of operations to 30 June 2011 were as follows:

	30 June 2011
Ore mined (tonnes)	2,027,872
Ore milled (tonnes)	1,972,179
Head grade (g/t)	1.40
Recovery (%)	91%
Total production (ounces)	80,918

From the commencement of operations to the end of the financial year the Moolart Well Gold Mine produced 80,918 ounces of gold at a pre-royalty cash cost of production of \$545 per ounce. Mill throughput exceeded the name-plate design of 2 million tonnes per annum during the year. In the June 2011 quarter the mill achieved a throughput rate of approximately 2.54 million tonnes per annum which is expected to be maintained during the 2012 financial year.

During the year from commencement of operations, 895,000 bcm of ore and 3.54 million bcm of waste were mined from the Moolart Well open pits for a total material movement of 4.44 million bcm. Of the total ore mined, 821,396 bcm was mined from laterite pits and 73,643 bcm was early stage mining from the Lancaster and Mid-Pit South Oxide deposits. Mining during the year yielded 2.03 million tonnes of ore at a grade of 1.45g/t gold.

DEVELOPMENT – GARDEN WELL

The Garden Well gold deposit is 100% owned by Regis and is located 35 kilometres south of the Moolart Well processing plant. During the year the focus has been on an intense drill out programme to fully define the size of the resource and to complete a Definitive Feasibility Study (DFS) into the development of the Garden Well Gold Project.

The Company released a maiden JORC compliant resource of 1.21 million ounces of contained gold in October 2010. Since that time there have been two upgrades to the resource with the current resource at Garden Well released in March 2011 containing 2.14 million ounces of gold.

In December 2010 the Company announced a maiden JORC compliant reserve for the Garden Well Gold Project of 1.34 million ounces of contained gold. The reserve has subsequently been updated in March 2011 to 1.66 million ounces of contained gold.

DIRECTORS' REPORT (CONTINUED)

In June 2011 the Company completed the DFS in to the development of the Garden Well Gold Project.

The results of the DFS show a robust project with the following parameters:

Mining

Ore mined	bcm	13,074,000
Waste mined	bcm	45,690,000
Stripping ratio	w/o	3.49

Milling

Tonnes milled	Tonnes	35,061,000
Grade	g/t	1.46
Recovery	%	95
Recovered gold	Ounces	1,568,046
Annual throughput	Tonnes	4,000,000

Project life

Mine life	years	9
Max annual production	Ounces (year 1)	247,000
Average annual production	Ounces	180,000

The project is expected to have a capital construction cost of \$109.5 million and have operating cash costs of \$555 per ounce before royalties. In addition, approximately \$27 million will be spent on early stage mining to facilitate the removal of overburden waste material in the open pit, building of an ore stockpile for start up operations and provision of suitable material for TSF construction. Mining will be conducted using truck and shovel excavation methods. The plant design is based on a nominal 4.0mtpa throughput utilising a three stage crushing circuit, a scrubber and a single ball mill followed by gravity and carbon in leach circuits. Commercial gold production is expected to commence early in the September 2012 quarter after an eleven month construction period.

Funding

The development of the project will be funded through a combination of internal cash flow from the Company's Moolart Well operations and an extension of the existing corporate debt facility with Macquarie Bank Limited (approved subsequent to year end).

Licensing and Permitting

The Garden Well project is located on granted mining leases. Applications have been made for all licenses required to develop and operate the project. Two clearing permits are required for the project, the first of which was granted in April 2011 and the second in June 2011. The Department of Mines and Petroleum granted approval to mine the project in August 2011, and the Department of Environment and Conservation granted the works approval instrument in July 2011.

GOLD EXPLORATION

Garden Well

The Company continued a sustained programme of drilling to define the gold mineralisation at the Garden Well deposit during the year. Drilling to date has been designed to test the extent of the mineralisation both along strike and at depth and also increasing the drilling density in the known body of the mineralisation for resource and reserve estimation.

RC and diamond drilling during the year has defined the gold mineralisation down to a vertical depth of 300 metres in some areas of the deposit. The Garden Well deposit remains open along strike to the south and at depth for the entire length of the known mineralisation. Further RC and diamond drilling is planned to test the southern extensions and depth potential of the deposit.

DIRECTORS' REPORT (CONTINUED)

Moolart Well

During the year the Company continued an extensive ongoing RC drill programme designed to test for extensions to and infill of the known mineralisation in and around the oxide gold resources associated with the Moolart Well Gold project. Drilling was conducted at Wellington, Wellington North, Blenheim, Halifax, Mosquito and at the Boston prospect.

The drilling is designed to infill prospective reserve conversion areas (ultimately) to a 25m x 25m pattern to allow detailed mining reserve optimisation studies to be undertaken.

The tenor and frequency of results to date are considered to provide a good basis for reserve re-optimisation studies on the Moolart Well oxide zones. Open pit re-optimisation work is underway on existing reserves at the Lancaster, Lancaster North, Stirling and Stirling North areas and an optimisation study has commenced on the Blenheim prospect where there is no reported reserve to date.

Regional

Towards the end of the year the Company identified a number of high priority targets under barren paleochannel cover over the north-south gold mineralised structure between the Moolart Well and Garden Well deposits. The targets are located at Rojo, Westport, German Well, Dogbolter, Anchor and Butcher Well. A programme of aircore drilling commenced in the June 2011 quarter to test these targets.

Soil sampling also commenced late in the year over numerous gold exploration targets identified in the Gum Well to Houtanoui corridor northwest of Garden Well and Rosemont.

Regis completed the following drilling during the year:

	Garden Well		Moolart Well		Regional		Total	
	<i>Holes</i>	<i>Metres</i>	<i>Holes</i>	<i>Metres</i>	<i>Holes</i>	<i>Metres</i>	<i>Holes</i>	<i>Metres</i>
Aircore	233	16,141	-	-	158	8,939	391	25,080
RC	126	28,099	281	33,764	27	2,962	434	64,825
Diamond	50	17,050	-	-	-	-	50	17,050
Total	409	61,290	281	33,764	185	11,901	875	106,955

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

Garden Well Funding

On 22 July 2011, the Company signed an agreement with Macquarie Bank Limited to extend the existing financing facility to cover the funding requirements for the development of the Garden Well gold project. The key features of the facility are as follows:

- Debt facility of \$80 million (previously \$45 million of which \$30 million is drawn down at year end);
- Hedging facility of up to 300,000 ounces of gold; and
- Performance bond facility of \$15 million (previously \$5 million)

The debt facility has been provided in two tranches. The first tranche is for \$60 million of which \$30 million is already drawn at year end for the development of the Moolart Well gold project. The maturity date of tranche one is 31 December 2014. The second tranche is for \$20 million and is effectively a standby facility which has a maturity date of 30 December 2015 (if drawn).

Forward Contract Restructure

On 6 July 2011, the Company restructured its gold forward contracts with Macquarie Bank Limited such that 12,000 ounces of spot deferred and 48,000 ounces of fixed forward contracts, all with forward prices of \$1,340 per ounce and maturities within the next 12 months, were replaced with 60,000 ounces of fixed forward contracts with a forward price of \$1,460.25 per ounce and maturities between December 2013 and December 2014.

Exercise of Options

Subsequent to year end, 1,280,962 ordinary shares have been issued as a result of the exercise of listed options for net proceeds of \$1,763,981.

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

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

in future financial years.

Likely Developments and Expected Results

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

Environmental Regulation and Performance

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

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

DIRECTORS' REPORT (CONTINUED)

Share Options

Unissued Shares

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

Maturity Date	Exercise Price	Number outstanding
<i>Listed options</i>		
30 April 2012	\$2.0000	1,826,611
31 October 2012	\$1.0000	3,398,553
31 January 2014	\$0.5000	6,584,718
<i>Unlisted options and warrants</i>		
31 October 2011	\$1.1165	40,000
15 June 2012	\$0.8885	442,500
15 June 2012	\$0.9509	142,500
4 February 2014	\$0.1348	90,000
30 June 2014	\$0.4205	2,000,000
21 December 2013	\$0.7665	10,000,000
29 September 2014	\$1.0000	2,600,000
29 April 2015	\$2.2300	1,075,000
Total		28,199,882

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 620,000 fully paid ordinary shares in Regis Resources Limited at a weighted average exercise price of \$0.9341 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:	7	2	1
Number of meetings attended:			
N Giorgetta	7	2	1
M Clark	7	n/a	n/a
M Hart	7	n/a	n/a
R Kestel	7	2	1
M Okeby	7	2	1

All directors were eligible to attend all meetings held.

Committee Membership

As at the date of this report, the Company had an audit and risk 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	14,090

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 2011 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.

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
M Ertzen	Development Manager
M Evans	Projects Manager
T Hinkley	General Manager – Moolart Well Gold Mine
K Massey	Chief Financial Officer and Company Secretary

Principles of Remuneration

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

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group, including directors of the Group and other executives. Key management personnel comprise the directors and executives of the Company and Group, 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; and
- the mix of cash and option incentives within each key management personnel’s remuneration package.

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

In thousands of AUD	2011	2010	2009	2008	2007
Revenue	108,651	777	524	135	284
Net profit/(loss)	36,281	(18,829)	(91,845)	(2,287)	(1,546)
Basic earnings/(loss) per share (cents)	8.54	(5.58)	(36.84)	(1.72)	(1.61)
Diluted earnings/(loss) per share (cents)	8.24	(5.58)	(36.84)	(1.72)	(1.61)
Net assets	140,278	81,784	35,969	108,357	96,390

As the Company is transitioning to production, historical earnings are not yet an accurate reflection of Company performance and cannot be used as a long term incentive measure. Consideration of the Company's earnings will be more relevant as the Company matures.

Fixed Remuneration

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

Remuneration levels are reviewed annually by the Remuneration and Nomination Committee through a process that considers individual and overall performance of the Group. In addition, external consultants may provide analysis and advice to ensure the key management personnel's remuneration is competitive in the market place, as required.

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.

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

The Remuneration and Nomination Committee recommends the cash incentive to be paid to the executive directors for approval by the Board.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Long-Term incentives

Options are issued under the Regis Resources Limited 2005 and 2008 Share Option Plans (the "Plans"). The objective of the Plans is to link the achievement of the Group's operational targets with the remuneration received by the key management personnel charged with meeting those targets. The total potential long term incentive available is set at a level so as to provide sufficient incentive to the KMP to achieve the operational targets such that the cost to the Group is reasonable in the circumstances.

The Plans 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 2011	Vesting conditions	Contractual life of options
Options granted to employees on 2 November 2006	40,000	- Options vested on 31 October 2008. - 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	442,500	1/3 of options vested on issue date. 1/3 of options vested on 15 June 2008. 1/3 of options vested on 4 May 2009.	5 years
Options granted to directors on 23 November 2007	142,500	1/3 of options vested on issue date. 1/3 of options vested on 15 June 2008. 1/3 of options vested on 4 May 2009.	4.6 years
Options granted to employees on 4 February 2009	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 2009	2,000,000	1/3 of options vested on 30 June 2010. 1/3 of options vested on 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
Options granted to certain key management personnel and other employees on 26 August 2010	2,600,000	1/2 of options not exercisable until 30 September 2012. 1/2 of options not exercisable until 30 September 2013	4 years
Options granted to employees on 30 March 2011	1,075,000	1/2 of options not exercisable until 30 April 2013 1/2 of options not exercisable until 30 April 2014	4 years
Total options on issue	16,390,000		

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 an initial salary of \$300,000 per annum before superannuation, which will be reviewed annually in accordance with the Company's policies. Following the August 2010 annual salary review, Mr Clark's salary increased to \$330,000 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 an initial salary of \$280,000 per annum before superannuation which will be reviewed annually in accordance with the Company's policies. Following the August 2010 annual salary review, Mr Hart's salary increased to \$308,000 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.

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

Non-Executive Directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2007 AGM, is not to exceed \$300,000 per annum. At the date of this report, non-executive directors' base fees are \$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 2011

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

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

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

Table 2: Remuneration for the year ended 30 June 2010

	Short Term		Post Employment	Share-based Payment	Termination Payments	Total	Performance Related
	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 3: Compensation Options - Granted and vested during the year

2011	Granted		Terms & Conditions for each Grant					Vested
	No.	Grant Date	Fair value per option at grant date	Exercise price per option	Expiry date	First exercise date	Last exercise date	No.
<i>Other KMP</i>								
M Ertzen	-	-	-	-	-	-	-	133,333
M Evans	-	-	-	-	-	-	-	250,000
T Hinkley	-	-	-	-	-	-	-	166,667
K Massey	50,000	26 Aug. 10	\$0.6890	\$1.00	29 Sep. 14	30 Sep. 12	30 Sep. 14	133,333
	50,000	26 Aug. 10	\$0.7940	\$1.00	29 Sep. 14	30 Sep. 13	30 Sep. 14	-
Total	100,000							683,333

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>								
M Evans	-	-	-	-	-	-	-	250,000
K Massey	-	-	-	-	-	-	-	133,333
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							10,550,000

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>Other KMP</i>			
J Balkau	-	181,838	-
T Hinkley	-	302,925	-
K Massey	74,150	-	-

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.

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

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

30 June 2011	Shares issued No.	Paid per share (Note 25) \$	Unpaid per share \$
<i>Other KMP</i>			
J Balkau	325,000	\$1.1705	-
T Hinkley	150,000	\$0.4205	-
Total	475,000		

Signed in accordance with a resolution of the directors.



Mr Mark Clark
Managing Director

Perth, 19 September 2011



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 2011 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 black ink, appearing to read 'T. Hart'.

Trevor Hart
Partner

Perth
19 September 2011

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
- 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;
- 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;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

- 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. In addition, 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.
- 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 Restricted Persons are restricted 14 days prior to the release of the Company's half yearly and full year results announcements and disclosure documents offering securities in the Company, and 7 days prior to the release of the quarterly results announcement 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 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 Committee 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 the 2010 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, half-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 and 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.

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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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 directors 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 2011

		Consolidated	
		2011	2010
	Note	\$'000	\$'000
Gold sales		107,924	-
Interest revenue		727	777
Revenue		108,651	777
Cost of goods sold	7(a)	(64,155)	-
Gross profit		44,496	777
Other income	6	505	559
Corporate administrative expenses		(4,871)	(6,433)
Exploration and evaluation written off	17	(666)	(97)
Other expenses	7(b)	(55)	(463)
Financial guarantee liability settlement expense	30	-	(12,480)
Finance costs	7(c)	(3,128)	(692)
Profit/(loss) from continuing operations before income tax		36,281	(18,829)
Income tax expense	8	-	-
Net profit/(loss) for the period		36,281	(18,829)
Other comprehensive income			
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		-	-
Profit/(loss) attributable to members of the parent		36,281	(18,829)
Total comprehensive income attributable to members of the parent		36,281	(18,829)
Basic earnings/(loss) per share attributable to ordinary equity holders of the parent (cents per share)	9	8.54	(5.58)
Diluted earnings/(loss) per share attributable to ordinary equity holders of the parent (cents per share)	9	8.24	(5.58)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

		Consolidated	
		2011	2010
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents	10	27,390	9,541
Receivables – bullion awaiting settlement	11(a)	6,505	-
Receivables – other receivables	11(b)	1,608	1,366
Inventories	12	4,461	40
Other current assets	13	207	121
Total current assets		40,171	11,068
Non-current assets			
Financial assets held to maturity	14	1,175	1,175
Deferred mining costs	15	5,190	-
Plant and equipment	16	60,000	470
Exploration and evaluation expenditure	17	24,507	8,000
Mine properties under development	18	12,275	106,022
Mine properties	19	48,023	-
Total non-current assets		151,170	115,667
Total assets		191,341	126,735
Current liabilities			
Trade and other payables	20	11,887	14,609
Interest-bearing liabilities	21	19,238	10,220
Convertible notes	23	-	10,000
Provisions	22	339	54
Total current liabilities		31,464	34,883
Non-current liabilities			
Interest-bearing liabilities	21	11,164	4,341
Provisions	22	8,435	5,727
Total non-current liabilities		19,599	10,068
Total liabilities		51,063	44,951
Net assets		140,278	81,784
Equity			
Issued capital	24	247,632	226,399
Share option reserve	25(b)	9,377	8,397
Accumulated losses	25(a)	(116,731)	(153,012)
Total equity		140,278	81,784

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 2011

	Consolidated			
	Issued capital	Accumulated losses	Share option reserve	Total equity
	\$'000	\$'000	\$'000	\$'000
At 1 July 2010	226,399	(153,012)	8,397	81,784
Profit for the period	-	36,281	-	36,281
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	36,281	-	36,281
Transactions with owners in their capacity as owners:				
Share based payments expense	-	-	980	980
Shares issued, net of transaction costs	21,233	-	-	21,233
At 30 June 2011	247,632	(116,731)	9,377	140,278
At 1 July 2009	168,330	(134,183)	1,822	35,969
Loss for the period	-	(18,829)	-	(18,829)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(18,829)	-	(18,829)
Transactions with owners in their capacity as owners:				
Share based payments expense	-	-	6,575	6,575
Shares issued, net of transaction costs	58,069	-	-	58,069
At 30 June 2010	226,399	(153,012)	8,397	81,784

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 2011

		Consolidated	
		2011	2010
	Note	\$'000	\$'000
Cash flows from operating activities			
Receipts from gold sales		101,419	-
Payments to suppliers and employees		(51,838)	(3,496)
Interest received		667	762
Interest paid		(2,485)	(1,047)
R&D rebate received		294	305
Net cash from/(used in) operating activities	10(b)	48,057	(3,476)
Cash flows from investing activities			
Acquisition of plant and equipment		(2,526)	(335)
Payments for exploration and evaluation (net of rent refunds)		(17,197)	(5,098)
Acquisition of interest in tenements		-	(1,581)
Proceeds on disposal of tenements		80	10
Payments for mine properties under development		(34,184)	(55,063)
Payments for mine properties		(1,102)	-
Proceeds from security deposits		-	94
Net cash used in investing activities		(54,929)	(61,973)
Cash flows from financing activities			
Proceeds from issue of shares		9,470	58,786
Proceeds from shares to be issued		-	1,820
Payment of transaction costs		(58)	(717)
Payment of finance lease liabilities		(179)	(74)
Proceeds from borrowings		15,488	14,870
Repayment of borrowings		-	(4,370)
Net cash from financing activities		24,721	70,315
Net increase in cash and cash equivalents		17,849	4,866
Cash and cash equivalents at 1 July		9,541	4,675
Cash and cash equivalents at 30 June	10(a)	27,390	9,541

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 2011

1. CORPORATE INFORMATION

The financial report of Regis Resources Limited (the "Company") for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 16 September 2011.

Regis Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (collectively referred to as the "Group").

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

(b) Compliance with IFRS

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

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

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* 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 2009-12 *Amendments to Australian Accounting Standards* makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. 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 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- AASB 2010-5 *Amendments to Australian Accounting Standards* makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments, which will become mandatory for the Group's 30 June 2012 financial statements, have no major impact on the requirements of the amended pronouncements.
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfer of Financial Assets* increases the disclosure requirements for transactions involving the transfer of financial assets. The Group has not yet determined the potential effect of the amendments, which will become mandatory for the Group's 30 June 2012 financial statements.
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* add the requirements for classifying and measuring financial liabilities to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value attributable to changes in credit risk are presented in other comprehensive income, and the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. The Group has not yet determined the potential effect of the amendments, which will become mandatory for the Group's 30 June 2014 financial statements.

(d) Accounting policies for new transactions and events

Trade and Other Receivables

BULLION AWAITING SETTLEMENT

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

Plant and equipment

DEPRECIATION

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

Mine properties

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

AMORTISATION

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

Deferred mining costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue

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

GOLD SALES

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

(e) 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.

(f) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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".

(g) 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.

(h) 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.

(i) Receivables

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

(j) Inventories

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

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

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

(k) Investments and other financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(I) Plant and equipment

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

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

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

Depreciation

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

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

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

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Exploration and evaluation assets and expenditure

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

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

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

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

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.

(n) 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.

(o) Leases

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

Group as a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(p) 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.

(q) 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.

(r) 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 statement of comprehensive income 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 (see Note 2(t) below).

(s) Interest-bearing loans and borrowings

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(t) Provisions

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

Site restoration

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

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

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

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.

(u) Employee benefits

Wages, salaries and annual leave

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

Long service leave

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Share-based payment transactions

Equity settled transactions

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

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

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

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.

(w) 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.

(x) Revenue

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) 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 reporting date, and any adjustment to tax payable in respect of previous years.

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

Deferred tax is not recognised for the following temporary differences:

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

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

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

Tax consolidation

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

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

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

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

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

(z) 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 statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(aa) Earnings per share

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

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

(a) Significant accounting judgements

Determination of mineral resources and reserves

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

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

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

Recovery of deferred tax assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

(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.

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 26. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Unit-of-production method of depreciation/amortisation

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

Deferred mining costs

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Inventories

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

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

4. FINANCIAL RISK MANAGEMENT

Overview

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

- Credit risk
- Liquidity risk
- Market risk

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

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

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

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

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

Credit Risk

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

Liquidity Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

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

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

5. SEGMENT INFORMATION

Identification of reportable segments

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

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

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

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

The Group currently has two reportable segments which comprise the Duketon Gold Project being the Moolart Well Gold Mine and the Garden Well Gold Project. At 30 June 2011, development of the Garden Well Gold Project was subject to receipt of final permitting approvals and extension of the Macquarie Bank Limited ("MBL") debt facility. As such this segment is not yet earning revenues or incurring costs from operations, nor has the balance of capitalised exploration and evaluation expenditure related to this segment been transferred to mine properties under development. Final permitting approvals and extension of the MBL debt facility for the Garden Well Gold Project have been received subsequent to year end.

Operations commenced at the Moolart Well Gold Mine in August 2010, as such there is no comparative financial information for segment revenue and results.

Accounting policies and inter-segment transactions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. SEGMENT NOTE (CONTINUED)

Unallocated items

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

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

The following table presents financial information for reportable segments for the years ended 30 June 2011 and 30 June 2010:

	Continuing Operations			
	Moolart Well Gold Mine	Garden Well Gold Project	Unallocated	Total
	\$'000	\$'000	\$'000	\$'000
30 June 2011				
<i>Segment revenue</i>				
Sales to external customers	107,924	-	-	107,924
Other revenue	-	-	727	727
Total segment revenue	107,924	-	727	108,651
Total revenue per the statement of comprehensive income				108,651
Interest expense	-	-	2,795	2,795
Exploration and evaluation expenditure written off	-	-	666	666
Depreciation and amortisation	18,965	-	150	19,115
Depreciation capitalised to exploration projects				(63)
Total depreciation and amortisation recognised in the statement of comprehensive income				19,052
<i>Segment profit</i>				
Segment net operating profit /(loss) before tax	43,769	-	(7,488)	36,281
<i>Segment assets</i>				
Segment assets	123,769	12,275	55,297	191,341
Capital expenditure	19,998	12,275	17,848	50,121
30 June 2010				
<i>Segment assets</i>				
Segment assets	106,022	-	20,713	126,735
Capital expenditure	65,302	-	8,770	74,072

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000
6. OTHER INCOME			
R&D rebate		434	305
Exploration rent refunds		12	254
Net profit on sale of tenements		59	-
		<u>505</u>	<u>559</u>
7. EXPENSES			
<i>(a) Cost of goods sold</i>			
Costs of production		40,622	-
Royalties		4,568	-
Depreciation of mine plant and equipment		10,748	-
Amortisation of development costs		8,217	-
		<u>64,155</u>	<u>-</u>
<i>(b) Other expenses</i>			
Additional provision for restoration		-	440
Net loss on sale of tenement		-	18
Gold swap fees		32	-
Exploration license application fees		20	5
Other		3	-
		<u>55</u>	<u>463</u>
<i>(c) Finance costs</i>			
Interest expense		2,795	510
Unwinding of discount on provisions		333	182
		<u>3,128</u>	<u>692</u>
<i>(d) Depreciation, impairment and amortisation included in the statement of comprehensive income</i>			
Depreciation expense		10,898	325
Amortisation expense		8,217	-
Less: Amounts capitalised to exploration projects		(63)	(305)
Depreciation and amortisation charged to the statement of comprehensive income		<u>19,052</u>	<u>20</u>
<i>(e) Lease payments and other expenses included in the statement of comprehensive income</i>			
Minimum lease payments – operating lease		465	386
Less: Amounts capitalised to exploration projects		(107)	(131)
Recognised in the statement of comprehensive income		<u>358</u>	<u>255</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

7. EXPENSES (CONTINUED)

(f) Employee benefits expense

Wages and salaries	9,056	5,038
Defined contribution superannuation expense	816	434
Share-based payments expense	980	4,095
Employee bonuses	413	-
Other employee benefits expense	549	313
	11,814	9,880
Less: Amounts capitalised to exploration projects	(2,379)	(1,869)
Less: Amounts capitalised to mine properties under development	(1,141)	(2,762)
Employee benefits expense recognised in the statement of comprehensive income	8,294	5,249

8. INCOME TAX

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

Current income tax

Current income tax expense/(benefit)	4,334	(4,464)
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Deferred income tax

Relating to the origination and reversal of temporary differences	7,003	3,805
Adjustment in respect of income tax of previous years	(72)	-
Income tax losses recognised	(11,265)	-
Income tax losses not brought to account because their realisation is not regarded as probable	-	659
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 profit/(loss) before income tax	36,281	(18,829)
At the Group's statutory income tax rate of 30% (2010: 30%)	10,884	(5,648)
Impairment of exploration and evaluation expenditure	200	29
R&D rebate receivable	(42)	-
Financial guarantee liability settlement expense	-	3,744
Share-based payments	294	1,160
Unwinding of discount on provisions	-	54
Other non-deductible items	1	2
Adjustment in respect of income tax of previous years	(72)	-
Income tax losses recognised to offset income tax expense	(11,265)	-
Deferred tax assets not brought to account as their realisation is not regarded as probable	-	659
Income tax reported in the statement of comprehensive income	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

8. INCOME TAX (CONTINUED)

(c) Deferred income tax

Deferred income tax at 30 June relates to the following:

Consolidated

Deferred tax liabilities

Accrued interest receivable	28	10
Diesel fuel rebate receivable	107	-
Bullion awaiting settlement	1,142	-
Consumable inventories	343	-
Plant and equipment	828	47
Deferred mining costs	1,557	-
Exploration and evaluation assets	7,368	2,400
Mine properties under development	-	13,665
Mine properties	14,407	-
Recognition of losses to offset future taxable income	(25,780)	(16,122)
	-	-

Deferred tax assets

Accruals	272	136
Provision for long service leave	17	-
Provisions for rehabilitation	2,615	1,734
Section 40-880 deductions	426	668
Losses available to offset against future taxable income (i)	34,904	36,845
Recognition of losses to offset deferred tax liability	(25,780)	(16,122)
Deferred tax assets not brought to account as their realisation is not regarded as probable	(12,454)	(23,261)
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 2011 there are no unrecognised temporary differences associated with the Group's investment in subsidiaries (2010: \$nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

8. INCOME TAX (CONTINUED)

(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.

9. EARNINGS PER SHARE

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

(a) Earnings used in calculating earnings per share

Net profit/(loss) attributable to ordinary equity holders of the parent

36,281

(18,829)

(b) Weighted average number of shares

Weighted average number of ordinary shares

424,879

320,836

Adjustment for bonus element in rights issue completed during the year ended 30 June 2010

-

16,355

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

424,879

337,191

Effect of dilution:

Share options

15,676

-

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

440,555

337,191

As the options outstanding at 30 June 2010 would have reduced the loss per share from continuing operations on conversion, the potential ordinary shares were not considered dilutive.

(c) Information on the classification of securities

(i) Options

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

10. CASH AND CASH EQUIVALENTS

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

Cash at bank and in hand	27,390	9,541
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At 30 June 2011, the Group did not have any undrawn committed borrowing facilities available (2010: \$30.13 million available). Subsequent to balance date the Company signed an agreement with Macquarie Bank Limited to extend the existing financing facility to cover the funding requirements for the development of the Garden Well Gold Project. Refer to Notes 21 and 34.

(b) Reconciliation of net profit/(loss) after income tax to cash flows used in operations

Net profit/(loss) for the year	36,281	(18,829)
<i>Adjustments for:</i>		
Unwinding of discount on provisions	333	182
Borrowing costs capitalised to qualifying asset	(134)	(621)
Transaction costs recognised against interest-bearing liabilities	-	(796)
Amortisation of transaction costs recognised against interest-bearing liabilities	323	-
Financial guarantee settlement expense	-	12,480
Exploration expenditure written off	666	97
Exploration rent refunds	(12)	-
Share based payments	939	3,868
Net profit/(loss) on disposal of tenement	(53)	18
Depreciation and amortisation	19,052	20
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in receivables	(6,964)	(542)
(Increase)/decrease in inventories	(4,155)	-
(Increase)/decrease in other current assets	(18)	(29)
(Increase)/decrease in deferred mining costs	(4,857)	
Increase/(decrease) in trade and other payables	6,641	461
Increase/(decrease) in provisions	15	215
Net cash used in operating activities	48,057	(3,476)

(c) Non-cash financing and investing activities

During the year ended 30 June 2011, the Company exercised its right to settle its convertible note liability through the issue of shares (refer Note 23).

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 Moolart Well gold mine (refer Note 21).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

11. RECEIVABLES (CURRENT)

(a) Bullion awaiting settlement		6,505	-
(b) Other receivables			
GST receivable (net)		985	1,278
Diesel fuel rebate receivable		356	-
R&D rebate receivable		141	-
Interest receivable		95	35
Other		31	53
		1,608	1,366

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.

(c) 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.

12. INVENTORIES (CURRENT)

At cost

Ore stockpiles		811	-
Gold in circuit		1,307	-
Bullion on hand		1,201	-
Consumable stores		1,142	40
		4,461	40

13. OTHER CURRENT ASSETS

Prepayments		207	121
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14. FINANCIAL ASSETS HELD TO MATURITY (NON-CURRENT)

Term deposits	(i)	1,175	1,175
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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 5.66% (2010: 5.21%).

(a) Fair value

Term deposits generally have a maturity between 60 and 90 days (2010: 60 to 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.

15. DEFERRED MINING COSTS (NON-CURRENT)

Deferred mining costs		5,190	-
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These costs represent prepaid mining expenses deferred in accordance with the accounting policy disclosed in Note 2(d).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated						
		Leasehold Improvements	Plant and equipment	Furniture and Equipment	Fixtures and fittings	Buildings & Infrastructure	Capital WIP	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
16. PLANT AND EQUIPMENT (NON-CURRENT)								
<i>(a) Reconciliation of carrying amounts at the beginning and end of the period</i>								
At 1 July 2010 net of accumulated depreciation		-	312	-	5	-	153	470
Additions		367	957	88	-	1,118	291	2,821
Depreciation expense		(48)	(8,100)	(61)	-	(2,689)	-	(10,898)
Transfers from mine properties under development	18	-	50,582	-	-	17,030	-	67,612
Transfers		153	(154)	130	-	24	(153)	-
Disposals		-	-	-	(5)	-	-	(5)
At 30 June 2011 net of accumulated depreciation		472	43,597	157	-	15,483	291	60,000
<i>At 30 June 2011</i>								
Cost		520	52,125	451	-	18,819	291	72,206
Accumulated depreciation		(48)	(8,528)	(294)	-	(3,336)	-	(12,206)
Net carrying amount		472	43,597	157	-	15,483	291	60,000
<i>At 1 July 2009 net of accumulated depreciation</i>								
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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

depreciation

16. PLANT AND EQUIPMENT (NON-CURRENT) (CONTINUED)

At 1 July 2009

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

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

(b) Assets pledged as security

Macquarie Bank Limited ("MBL") holds a first ranking, registered fixed and floating charge over all of the assets of Regis Resources Limited and its wholly-owned subsidiary, Duketon Resources Pty Limited as security for the debt facility provided by MBL to fund construction of the Duketon Gold Project, which comprises the Moolart Well Gold Mine and the Garden Well Gold Project. Refer to Note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000
17. EXPLORATION AND EVALUATION ASSETS (NON-CURRENT)			
Balance at 1 July		8,000	38,219
Acquisition of mining lease		-	1,581
Expenditure for the period		17,194	6,803
Write-offs to the statement of comprehensive income		(666)	(97)
Disposal of tenements		(21)	(28)
Transferred to mine properties under development	18	-	(38,478)
Balance at 30 June		24,507	8,000

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

(a) Assets pledged as security

Macquarie Bank Limited ("MBL") holds a first ranking, registered fixed and floating charge over all of the assets of Regis Resources Limited and its wholly-owned subsidiary, Duketon Resources Pty Limited as security for the debt facility provided by MBL to fund construction of the Duketon Gold Project. Refer to Note 21.

18. MINE PROPERTIES UNDER DEVELOPMENT (NON-CURRENT)

(a) Duketon Gold Project

Balance at beginning of period		106,022	-
Capitalised borrowing costs		133	664
Construction expenditure – Moolart Well Gold Mine		11,508	53,575
Harmony royalty termination expense		-	4,125
Pre-production expenditure capitalised		2,581	6,938
Rehabilitation provision recognised		701	2,019
Transferred (to)/from plant and equipment	16	(67,612)	223
Transferred from exploration and evaluation assets	17	-	38,478
Transferred to mine properties	19	(53,333)	-
Construction expenditure – Garden Well Gold Project		12,275	-
Balance at end of period		12,275	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, which comprises the Moolart Well Gold Mine and the Garden Well Gold Project. Refer to Note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

19. MINE PROPERTIES (NON-CURRENT)

(a) Duketon Gold Project

Balance at beginning of period		-	-
Transferred from mine properties under development	18	53,333	-
Additions		2,907	-
Amortisation of expense		(8,217)	-
Balance at end of period		48,023	-

20. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables		5,154	7,113
Accrued expense		4,355	4,995
Employee entitlements		557	238
Other payables		1,821	2,263
		11,887	14,609

(a) Fair value

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

21. INTEREST-BEARING LIABILITIES

Current

Secured bank loan	(a)(b)	18,974	10,000
Finance lease liabilities		264	220
		19,238	10,220

Non-Current

Secured bank loan	(a)(b)	11,164	4,118
Finance lease liabilities		-	223
		11,164	4,341

(a) Secured bank loan

The secured bank loan is provided by Macquarie Bank Limited to fund the development of the Duketon Gold Project, which comprises the Moolart Well Gold Mine and the Garden Well Gold Project. The loan attracts a variable interest rate which ranged between 8.17% and 8.57% in the current year (2010: 8.04% to 8.53%). Other key terms and conditions of the loan as per the original facility agreement dated 10 February 2010 were as follows :

- 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 was required on 30 June 2011, however an amended repayment schedule was agreed to on 30 June 2011 to defer the first repayment until 8 July 2011 and reduce the value in proportion to the amount of the facility drawn to \$7,589,521. This repayment was not required to be made due to the approval of the extension to this facility to cover the funding requirements for the development of the Garden Well Gold Project. Refer to Note 34.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

21. INTEREST-BEARING LIABILITIES (CONTINUED)

(b) Assets pledged as security

The facility is secured by:

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

(c) Fair values

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

22. PROVISIONS

Current

Rehabilitation	22(a)	339	54
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Non-current

Long service leave	22(b)	57	-
Rehabilitation	22(a)	8,378	5,727
		8,435	5,727

(a) Provision for rehabilitation

Balance at 1 July	5,781	3,139
Provisions made during the year	2,605	2,460
Provisions reversed during the year	(2)	-
Unwinding of discount	333	182
Balance at 30 June	8,717	5,781

Nature and purpose of provision for rehabilitation

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

(b) Provision for long service leave

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

22. PROVISIONS (CONTINUED)

(c) Provision for restructure

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

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.

23. 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 30).

On 30 September 2010, the Company elected to convert the notes into ordinary shares in settlement of the liability. In consideration of the early conversion of the note by the Company, Newmont Mining Finance Pty Ltd (the counterparty to the notes) terminated all remaining equity participation rights in relation to the Duketon Gold Project that it held pursuant to an agreement dated 14 December 2005.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

24. CONTRIBUTED EQUITY

Ordinary shares – issued and fully paid	247,632	226,399
---	---------	---------

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	\$'000
<i>Movement in ordinary shares on issue</i>		
At 1 July 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
Issued on exercise of options	8,530	5,783
Issued on exercise of warrants	19,668	5,507
Issued on exercise of convertible note	9,091	10,000
Transaction costs	-	(57)
At 30 June 2011	432,073	247,632

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

25. ACCUMULATED LOSSES AND RESERVES

(a) Accumulated losses

At 1 July		(153,012)	(134,183)
Net profit/(loss) for the year		36,281	(18,829)
At 30 June		(116,731)	(153,012)

(b) Share option reserve

At 1 July		8,397	1,822
Share-based payments – employees	26	980	4,095
Share-based payments – others	26	-	2,480
At 30 June		9,377	8,397

(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.

26. SHARE-BASED PAYMENTS

(a) Recognised share-based payments expense

Expense arising from equity-settled share-based payment transactions with employees for services received during the year		980	4,095
Expense arising from equity-settled share-based payment transactions with others		-	2,480
Total expense arising from share-based payment transactions		980	6,575

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

(b) Employee share option plan (ESOP)

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. SHARE BASED PAYMENTS (CONTINUED)

(c) Summary of options granted

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

	2011		2010	
	No.	WAEP	No.	WAEP
Outstanding at the beginning of the year	18,425,000	\$0.7260	6,336,000	\$0.4244
Granted during the year	3,700,000	\$1.3574	15,500,000	\$0.7348
Forfeited during the year	(25,000)	\$1.0000	(166,000)	\$1.0163
Exercised during the year (i)(ii)	(5,620,000)	\$0.7258	(3,245,000)	\$0.1643
Expired during the year	(90,000)	\$1.1705	-	-
Outstanding at the end of the year	16,390,000	\$0.8596	18,425,000	\$0.7260
Exercisable at the end of the year	11,998,333	\$0.7326	16,506,667	\$0.7153

(i) The balance of options exercised in the current year includes 5 million options exercised by Newmont with an exercise price of \$0.70 as discussed further in Note 30(a).

(ii) The weighted average share price at the date of exercise was \$1.65 (2010: \$0.54).

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.7 years (2010: 3.4 years).

(e) Range of exercise prices

The range of exercise prices for options outstanding at the end of the year was \$0.1348 to \$2.23 (2010: \$0.1348 to \$1.1705).

(f) Weighted average fair value

The weighted average fair value of options granted during the year was \$0.9548 (2010: \$0.4179).

(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 2011 and 30 June 2010:

	2011 ESOP	2010 Newmont Options	2010 ESOP
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	108.7% - 115.1%	58.3%	99.3% - 113%
Risk free interest rate (%)	4.32 - 5.05%	4.95%	4.74% - 6.25%
Expected life of the option (years)	2 - 3 years	2 years	3 years
Option exercise price (\$)	\$1.00 - \$2.23	\$0.7000	\$0.4500 - \$0.7665
Weighted average share price at grant date (\$)	\$1.14 - \$2.25	\$1.0200*	\$0.6238

*At the date of entering into the agreement with Newmont (see note 30(a)), these options were out of the money.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$	\$

27. KEY MANAGEMENT PERSONNEL

(a) Compensation for key management personnel

Short-term employee benefits	2,249,207	1,672,290
Post-employment benefits	198,704	142,414
Long-term employee benefits	23,987	-
Termination benefits	-	139,537
Share-based payment	345,529	4,019,113
Total compensation	2,817,427	5,973,354

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

(b) Option holdings of key management personnel

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

* Mr Ertzen was not classified as a KMP at 30 June 2010. "Net Change Other" represents the number of options held at the date of becoming a KMP.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. KEY MANAGEMENT PERSONNEL (CONTINUED)

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

	Held at start of period	Granted as remuneration	Options exercised	Net change other	Held at end of period	Vested at 30 June 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.

(c) Shareholdings of key management personnel

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

	Held at 1 July 2010	On exercise of options	Net change other	Held at 30 June 2011
<i>Directors</i>				
N Giorgetta*	18,529,671	-	2,000,000	20,529,671
M Clark	9,460,000	-	-	9,460,000
M Hart	9,389,210	-	-	9,389,210
M Okeby	1,200,000	-	-	1,200,000
<i>Other KMP</i>				
J Balkau*	823,415	325,000	339,871	1,488,486
M Ertzen^	-	-	1,540,900	1,540,900
M Evans*	913,188	-	(200,000)	713,188
T Hinkley*	802,500	150,000	(100,000)	852,500
K Massey*	42,857	-	(26,191)	16,666
Total	41,160,841	475,000	3,554,580	45,190,421

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

^ Mr Ertzen was not classified as a KMP at 30 June 2010. "Net Change Other" represents the number of shares held at the date of becoming a KMP.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of key management personnel (continued)

	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.

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

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

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

(e) Other key management personnel transactions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. RELATED PARTY DISCLOSURES

(a) Subsidiaries

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

Name	Country of Incorporation	% Equity Interest		Investment \$'000	
		2011	2010	2011	2010
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.

(c) Transactions with related parties

A loan is made by the Company to Duketon Resources and represents the subsidiary's share of payments for exploration and evaluation expenditure on commercial joint ventures existing between the Company and Duketon Resources. The loan outstanding between the Company and Duketon Resources has no fixed date of repayment and is non-interest bearing. As at 30 June 2011, the balance of the loan receivable from Duketon was \$6,622,304 (2010: \$4,925,730).

		2011	2010
		\$'000	\$'000

29. PARENT ENTITY INFORMATION

The following details information related to the parent entity, Regis Resources Limited, at 30 June 2011. The information presented here has been prepared using consistent accounting policies as presented in Note 2.

Current assets	40,171	11,068
Non-current assets	147,088	111,705
Total assets	<u>187,259</u>	<u>122,773</u>
Current liabilities	31,231	34,844
Non-current liabilities	16,823	7,097
Total liabilities	<u>48,054</u>	<u>41,941</u>
Contributed equity	247,632	226,399
Share option reserve	9,377	8,397
Accumulated losses	(117,804)	(153,964)
Total equity	<u>139,205</u>	<u>80,832</u>
Net profit/(loss) for the year	36,160	(18,330)
Other comprehensive income for the year	-	-
Total comprehensive income/(loss) for the year	<u>36,160</u>	<u>(18,330)</u>

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 2011 as disclosed at Note 32.

All capital commitments disclosed at Note 31 are commitments incurred by the parent entity, except for \$1,895,004 (2010: \$2,690,034) of the exploration expenditure commitments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS

(a) Financial guarantee liabilities

30 June 2011

The Group does not hold any financial guarantee liabilities.

30 June 2010

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.

A total expense of \$12.48 million was 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

(b) Liquidity risk

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

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

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 was settled through the issue of a variable number of Regis' ordinary shares on 30 September 2010. This was the Company's intended settlement date at the time of issuing the prior year financial report.

** 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Interest rate risk

Profile

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

Fixed rate instruments

Financial assets

Financial liabilities

Consolidated	
2011	2010
\$'000	\$'000
28,562	10,716
(264)	(443)
28,298	10,273
(30,138)	(14,118)

Variable rate instruments

Financial liabilities

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 decrease net profit by \$121,721 (2010: no impact on profit as all interest expense (associated entirely with the secured loan liability) is being capitalised to the qualifying asset). This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2010.

		Consolidated	
		2011	2010
		\$'000	\$'000

31. COMMITMENTS

(a) Operating lease commitments – Group as lessee

The Group leases office premises in Perth under normal commercial lease arrangements (2010: Melbourne and Perth). The lease is for a period of 5 years beginning 1 May 2010 (2010: lease periods ranged from 3 to 5 years). The Group is under no legal obligation to renew the lease once the lease term has expired.

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

Within one year	286	555
Between one and five years	873	1,140
Total minimum lease payments	1,159	1,695

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

31. COMMITMENTS (CONTINUED)

(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 June 2012 and ownership of the storage facility passes to the Group once all contractual payments have been made.

Within one year		297	272
Between one and five years		-	248
Total minimum lease payments		297	520
Less amounts representing finance charges		(33)	(77)
Present value of minimum lease payments		264	443
Included in the financial statements as:			
Current interest-bearing liabilities	21	264	220
Non-current interest-bearing liabilities	21	-	223
Total included in interest-bearing liabilities		264	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 Moolart Well Gold Mine (part of the Duketon Gold Project). The terms of this agreement commit the Group to purchasing a fixed amount of electricity per month for six years from 7 July 2010 (the "Effective Date") at a price which will be reviewed annually. As at 30 June 2011, at the current contract price, the Group had commitments to purchase electricity for the remaining term of \$7,800,000 (30 June 2010: nil).

(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	2,495	3,902
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The tenement commitments shown above represent the minimum required to be spent on all granted tenements as at reporting date. Actual expenditure will vary as a result of ongoing management of the tenement portfolio including reductions and relinquishment of tenements not considered prospective, in whole or in part.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
		2011	2010
		\$'000	\$'000

31. COMMITMENTS (CONTINUED)

(e) Duketon Gold Project capital expenditure commitments

The outstanding capital commitments relating to the Duketon Gold Project at 30 June 2011 are:

Moolart Well – within 1 year	351	3,427
Garden Well - within 1 year	17,227	-
	<u>17,578</u>	<u>3,427</u>

(f) Physical gold delivery commitments

Commodity price risk

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

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

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

Spot gold price used to calculate mark-to-market \$1,398.147/oz

	Gold for physical delivery	Contracted gold sale price	Value of committed sales	Mark-to-market
	ounces	\$/oz	\$'000	\$'000
30 June 2010				
Within one year				
- Spot deferred contracts	40,000	1,403.43	56,137	(2,998)
- Fixed forward contracts	43,250	1,340.00	57,955	(7,795)
Between one and five years				
- Fixed forward contracts	106,750	1,340.00	143,045	(29,354)
	<u>190,000</u>		<u>257,137</u>	<u>(40,147)</u>

Spot gold price used to calculate mark-to-market \$1,477.384/oz

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32. CONTINGENCIES

As at 30 June 2011, the Group does not have any contingent assets or liabilities (30 June 2010: nil).

33. AUDITOR'S REMUNERATION

Audit services

KPMG Australia

Audit and review of financial statements

Consolidated	
2011	2010
\$	\$
166,180	92,000
-	-
14,090	20,000
180,270	112,000

Other services

Other assurance services

Taxation compliance services

Total auditor's remuneration

34. SUBSEQUENT EVENTS

Garden Well Funding

On 22 July 2011, the Company signed an agreement with Macquarie Bank Limited to extend the existing financing facility to cover the funding requirements for the development of the Garden Well gold project. The key features of the facility are as follows:

- Debt facility of \$80 million (previously \$45 million of which \$30 million is drawn down at year end);
- Hedging facility of up to 300,000 ounces of gold; and
- Performance bond facility of \$15 million (previously \$5 million)

The debt facility has been provided in two tranches. The first tranche is for \$60 million of which \$30 million is already drawn at year end for the development of the Moolart Well gold project. The maturity date of tranche one is 31 December 2014. The second tranche is for \$20 million and is effectively a standby facility which has a maturity date of 30 December 2015 (if drawn).

Forward Contract Restructure

On 6 July 2011, the Company restructured its gold forward contracts with Macquarie Bank Limited such that 12,000 ounces of spot deferred and 48,000 ounces of fixed forward contracts, all with forward prices of \$1,340 per ounce and maturities within the next 12 months, were replaced with 60,000 ounces of fixed forward contracts with a forward price of \$1,460.25 per ounce and maturities between December 2013 and December 2014.

Exercise of Options

Subsequent to year end, 1,280,962 ordinary shares have been issued as a result of the exercise of listed options for net proceeds of \$1,763,981.

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 2011 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 2011.
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, 19 September 2011



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

Report on the financial report

We have audited the accompanying financial report of Regis Resources Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 34 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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



Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2 (b).

Report on the Remuneration report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2011. 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 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Trevor Hart
Partner

Perth
19 September 2011