

18 February 2016

www.regisresources.com

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## Financial Results and Appendix 4D for the Half Year Ended 31 December 2015

The board of Regis Resources Limited is pleased to announce a profit before tax of \$64.4 million and profit after tax of \$46.0 million for the half year ended 31 December 2015.

Summary of financial results:

	Half Year 31 Dec 15	Half Year 31 Dec 14	Change	Change %
Gold sales (\$'000)	242,691	240,492	+2,199	+1%
Profit before tax (\$'000)	64,398	68,835	-4,437	-6%
Profit after tax (\$'000)	45,979	47,672	-1,693	-4%
Basic earnings per share (cents)	9.20	9.54	-0.34	-4%
Gold sales (ounces) included in revenue	156,616	168,680		
Sale price (\$/oz)	1,550	1,426		
Cash operating cost pre royalties (\$/oz)	805	763		
All in sustaining cost (A\$/oz) <sup>1</sup>	946	N/A*		
Dividend declared (cents per share)	4	Nil		

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

\* All in sustaining cost not previously calculated in prior period.

- The profit after tax result of \$46.0 million was less than 4% lower than the prior period despite production of 151koz being 11% lower. The lower production was reflective of the lower grade ore scheduled to be mined for the period, particularly at Moolart Well. Offsetting this lower grade was a +5% improvement in mill throughput as operating initiatives implemented in the second half of the 2015 financial year around ore blending and processing continue to drive improvement across all three sites.

- Notwithstanding lower production at Duketon for the 6 months to December 2015, revenues increased slightly as a result of a 9% increase in the achieved gold sales price to \$1,550 per ounce. Strong cost control across the Duketon project meant cash costs before royalties only rose by 6% to \$805 per ounce despite production being 11% lower than the prior period. Pleasingly, unit costs on a per tonne milled basis were 10% lower at \$23.62 per tonne compared to \$26.33 per tonne for the corresponding period due to higher mill throughput and improved strip ratios.
- Operating results for the Duketon project for H1 2015 were as follows:

	December 2015	December 2014
Ore mined (Mbcm )	2.40	2.49
Waste mined (Mbcm)	11.07	12.32
Stripping ratio (w:o)	4.6	4.9
Ore mined (Mtonnes)	5.62	5.93
Ore milled (Mtonnes)	5.14	4.89
Head grade (g/t)	1.02	1.22
Recovery (%)	90	88
Gold production (koz)	151	169
Cash cost (A\$/oz)	805	763
All in Sustaining Cost (A\$/oz) <sup>1</sup>	946	N/A*

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

\* All in sustaining cost not previously calculated in prior period.

- Cash and gold bullion holdings as at 31 December 2015 were \$98.5 million (30 June 2015: \$64.5 million), after the payment of \$30 million of fully franked dividends in October 2015.
- Interim fully franked dividend of 4 cents per share declared in January 2016 and paid in February 2016.
- Net cash from operating activities of \$95.8 million (31 December 2014: \$65.6 million)

Regis Executive Chairman, Mr Mark Clark commented:

“The strong half-year operating cash-flow of \$96 million and profit before tax of \$64 million are the result of the continued optimisation at the Duketon operations. This strong performance has seen Regis declare a 4cps interim dividend, following the 6cps final paid for FY2015.

A copy of the Company’s Reviewed Condensed Consolidated Interim Financial Report and Appendix 4D for the 6 months to 31 December 2015 are attached.

## Regis Resources Limited and its Controlled Entities

For the half-year ended 31 December 2015

(Previous corresponding period is the half-year ended 31 December 2014)

### Results for Announcement to the Market

	31 December 2015	31 December 2014	Change	
	\$'000	\$'000	\$'000	%
Revenue from ordinary activities	243,726	240,653	3,073	1%
Profit from ordinary activities after tax attributable to members	45,979	47,672	(1,693)	(4%)
Net profit for the period attributable to members	45,979	47,672	(1,693)	(4%)

### Dividend Information

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

Amount per share	Franking	Record Date	Expected Payment Date
4 cents per share	100% franked	1 February 2016	11 February 2016

### Net Tangible Assets

	31 December 2015	31 December 2014
	\$	\$
Net tangible assets per share	0.46	0.42

### Control Gained or Lost over Entities during the Period

There have been no gains or losses of control over entities in the period ended 31 December 2015.

### Financial Results

This report is based on the attached Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2015, which has been reviewed by KPMG, and should be read in conjunction with the consolidated annual financial report as at 30 June 2015 and public announcements made subsequent to 31 December 2015.



ABN 28 009 174 761

and its Controlled Entities

Condensed Consolidated Interim Financial Report

31 December 2015

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## CORPORATE INFORMATION

### ABN

28 009 174 761

### Directors

Mark Clark	(Executive Chairman)
Paul Thomas	(Executive Director)
Mark Okeby	(Deputy Chairman/Lead Independent Director)
Nick Giorgetta	(Non-Executive Director)
Glyn Evans	(Non-Executive Director)
Ross Kestel	(Non-Executive Director)

### Company Secretary

Kim Massey

### Registered Office & Principal Place of Business

Level 1  
1 Alvan Street  
SUBIACO WA 6008

### Share Register

Computershare Investor Services Pty Limited  
GPO Box D182  
PERTH WA 6840

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

## DIRECTORS' REPORT

The Directors present their report of Regis Resources Limited ("Regis" or "the Company") for the half-year ended 31 December 2015.

### Directors

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

Mark Clark ..... Executive Chairman (from 12 November 2015, previously Managing Director)  
 Paul Thomas ..... Executive Director (appointed 12 November 2015)  
 Mark Okeby ..... Deputy Chairman/Lead Independent Director (from 12 November 2015, previously Non-Executive Director)  
 Nick Giorgetta ..... Non-Executive Director (from 12 November 2015, previously Non-Executive Chairman)  
 Glyn Evans ..... Non-Executive Director  
 Frank Fergusson ..... Non-Executive Director (retired 12 November 2015)  
 Ross Kestel ..... Non-Executive Director

## Review and Results of Operations

### Results

Consolidated net profit after tax for the half-year was \$45,979,000 (2014: \$47,672,000).

### Duketon Gold Project Operations

The Duketon Gold Project delivered a strong and consistent operational performance for the period. The project produced 150,960 ounces of gold at a pre-royalty cash cost of \$805 per ounce<sup>1</sup> and an all-in sustaining cost of \$946 per ounce<sup>2</sup> (2014: 168,883 ounces of gold produced at a pre-royalty cash cost of \$763 per ounce. All-in sustaining costs not previously calculated).

Operating results for the Duketon Gold Project for the half-year ended 31 December 2015 were as follows:

	Moolart Well	Rosemont	Garden Well	Total December 2015	Total December 2014
Ore mined (bcm)	701,766	623,072	1,073,638	2,398,476	2,494,394
Waste mined (bcm)	2,581,455	5,102,418	3,383,117	11,066,990	12,318,376
Stripping ratio (w:o)	3.7	8.2	3.2	4.6	4.9
Ore mined (tonnes)	1,435,355	1,431,208	2,755,946	5,622,509	5,931,622
Ore milled (tonnes)	1,438,452	1,247,478	2,457,460	5,143,390	4,894,305
Head grade (g/t)	0.91	1.35	0.91	1.02	1.22
Recovery (%)	90.5%	92.4%	86.8%	89.5%	88.1%
Gold production (oz)	38,069	50,189	62,702	150,960	168,883
Cash cost (A\$/oz)	809	676	907	805	763
All-in Sustaining Cost (A\$/oz)	975	842	1,011	946	N/A

Production across the group for the 6 months ended 31 December 2015 was 11% lower than the previous corresponding period, predominantly due to a drop in the average grade of ore treated of 16%. This result is reflective of the ore scheduled to be mined for the period.

Offsetting this lower grade, was mill throughput of 5% above that of the previous period as initiatives implemented in the second half of the 2015 financial year around pit design and processing continue to drive improvement across all three sites. Mill recovery has improved overall in comparison to the December 2014 half-year, with the slightly lower grade milled at Moolart Well and corresponding drop in recovery

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

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

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

## Directors' Report (Continued)

(from 93.2% for December 2014 to 90.5% for December 2015), more than offset by continuing gradual improvement in plant performance and recoveries at Garden Well (from 80.5% for December 2014 to 86.8% for December 2015).

Pleasingly, the mining reconciliation to the 2015 Reserve for the whole Duketon Gold Project for the half-year to 31 December 2015 was positive for tonnes, grade and ounces.

### Exploration

#### Duketon Overview

Intensive exploration activities were conducted at the Duketon Gold Project with outstanding results achieved from drilling at new potential satellite mining operations. Drilling activities at the Duketon Gold Project during the half-year ended 31 December 2015 are summarised below:

By Drilling Type			Project	Metres
Type	No. Holes	Metres		
Aircore	184	13,522	Baneygo	23,638
RC	669	70,176	Gloster	21,287
Diamond	17	3,401	Regional	10,663
<b>Total</b>	<b>870</b>	<b>87,099</b>	Coopers	8,471
			Idaho	6,344
			Tooheys Well	6,202
			Moolart Well	5,220
			Rosemont	2,108
			Water exploration	2,082
			Garden Well	1,084
			<b>Total</b>	<b>87,099</b>

#### By Project

Significant exploration projects advanced during the half-year ended 31 December 2015 are outlined below.

All drilling results and resource estimations highlighted in this report are detailed fully in announcements to the ASX made by the Company on 14 October 2015 and 14 January 2016, along with the associated JORC 2012 disclosures.

#### Baneygo Gold Project

The Baneygo gold project is located 12 kilometres south of the Rosemont gold mine and is hosted in a quartz dolerite unit believed to be the same unit hosting gold at Rosemont. Regis has been drilling around the four known small deposits and along strike prior to and during the current period. Historical drilling at Baneygo is generally only to 50 metres and in some places to 100 metres vertical depth. Very little drilling was previously completed between the four small deposits with up to 250 metres between drill traverses. Recent drilling has reduced the spacing at the four deposits to 40m x 20m.

Highly encouraging gold results were received from this drilling programme with significant gold mineralisation defined over 3 kilometres of strike, outside the historic resource.

An updated Resource has been estimated at a 0.4g/t gold lower cut for the Baneygo gold deposit as follows:

Indicated			Inferred			Total		
Tonnes (MT)	Grade (g/t)	Ounces (Koz)	Tonnes (MT)	Grade (g/t)	Ounces (koz)	Tonnes (MT)	Grade (g/t)	Ounces (koz)
6.2	1.03	204	1.0	1.06	32	7.1	1.03	237

*Errors of summation may occur in the above table due to rounding*

This Resource update replaces the JORC 2004 compliant 0.8MT at a grade of 1.67g/t gold for 43,000 ounces, representing a significant increase in both tonnes and ounces. The quoted 237,000 ounces above does not include Idaho, the southern extremity of which is only 700 metres along strike from the northern end of Baneygo, or the sparsely drilled but mineralised 4 kilometres along strike to the south of Baneygo. This Resource will be used as the basis for an Ore Reserve estimate.

No further drilling programmes are planned in the immediate Baneygo area at the current time. A Mining Lease application has been lodged over the Baneygo Gold Deposit and is expected to be granted in the first half of calendar 2016.



## Directors' Report (Continued)

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### Gloster Gold Project

The Gloster gold deposit is located 26km west of Moolart Well and was acquired by Regis in June 2015. Gloster was historically mined from 1902-1908 and was extensively drilled from 1984-1996. A Resource estimate was completed in 1997 (in compliance with the 1996 JORC Code and Guidelines) for 8.28MT at a grade of 1.37g/t gold for 365,000 ounces.

During the half-year ended 31 December 2015, Regis commenced an RC drilling programme to infill the existing gold Resource and to test for extensions of gold mineralisation below the current historical level of drilling in the fresh rock zone. A total of 177 RC holes were drilled for 21,287 metres which will enable an update of the Resource estimate and will form the basis of mining feasibility studies. The updated Resource will form the basis for a maiden Reserve estimate.

A Mining Lease was granted over the Gloster gold deposit during the period.

### Coopers

The Coopers gold prospect is located on a granted Mining Lease, 11 kilometres south of Moolart Well and 600 metres north of Dogbolter, and is located on the same shear zone hosting those two deposits. Earlier extensive Aircore drilling and a limited 10 hole RC drilling programme by Regis on 40 metre and 80 metre spaced east-west traverses defined gold mineralisation in the oxide zone over a strike distance of 400 metres.

Regis drilled 40 Aircore holes and 59 RC holes for 8,471 metres during the period to test the strike continuation and follow up anomalous gold mineralisation at Coopers. Analytical results have been received and provide enough data to complete a Resource estimation. A diamond drilling programme is also planned to determine bulk densities and metallurgical and geotechnical work to enable a Reserve estimate to be completed.

### Idaho

The Idaho gold prospect is located 2.2 kilometres to the north along strike of the existing Baneygo Beacon pit. Reconnaissance RC drilling commenced north of Baneygo at Idaho early in the period and, on the back of encouraging results, was followed up with a programme to reduce the drill spacing to 40 metre traverses near Idaho and 80 metre traverses further north. In total for the half-year, 76 RC holes were drilled for 6,344 metres at the Idaho gold prospect.

Further RC drilling is planned to infill areas on the current 40m x 20m drilling pattern and to test for gold mineralisation along strike on 80 metre spaced lines to the north of Idaho. This work will allow a maiden Resource to be estimated for Idaho.

### Tooheys Well

The Tooheys Well gold prospect is located on a granted Mining Lease, 2.5km south of the Garden Well gold mine. Gold mineralisation was previously defined in two north-south trending Western and Eastern shear zones, 100m apart hosted in chert and fine grained sediments. Two RC drilling programmes of 21 holes for 2,294 metres and 30 holes for 3,908 metres were carried during the period to follow up anomalous gold mineralisation in the Eastern shear zone.

This drilling has confirmed new significant gold mineralisation in the Eastern shear zone which is now mineralised over a strike length of 450 metres from 6909140mN to 6909500mN on a 40m x 20m drilling pattern and for a further 160 metres south based on an 80m x 20m drilling pattern.

Further RC and some early diamond drilling is planned to determine the continuity of gold mineralisation in the Eastern shear zone 500 metres to the south of 6908980mN, initially on 80 metre spaced sections in the oxide zone and to target gold mineralisation in the fresh rock zone. Further RC drilling is also planned to test the Western shear zone.

## Directors' Report (Continued)

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### *Corporate*

#### **Gold Sales**

During the half-year ended 31 December 2015, the Company sold 150,036 ounces of gold at an average price of \$1,556 per ounce (2014: 164,821 ounces at an average price of \$1,424 per ounce). The Company had a hedging position at the end of the period of 260,172 ounces, being 112,917 ounces of fixed forward contracts with an average delivery price of A\$1,443 per ounce and 147,255 ounces of spot deferred contracts with an average price of A\$1,440 per ounce (June 2015: 281,031 ounces, being 145,834 ounces fixed forward contracts with an average delivery price of A\$1,437 per ounce and 135,197 ounces of spot deferred contracts with an average price of A\$1,437 per ounce).

#### **Board Restructure**

In October 2015 the Company announced a board restructure following the retirement of Mr Frank Fergusson. The Company's Chief Operating Officer, Mr Paul Thomas, has been appointed to the board as an executive director. Mr Nick Giorgetta has stepped down as Chairman and Mr Mark Clark, Managing Director, has assumed the role of Executive Chairman. Mr Mark Okeby has been appointed Deputy Chairman and Lead Independent Director and Mr Giorgetta continues in the role of Non-Executive Director. All appointments became effective at the Company's annual general meeting held on 12 November 2015.

#### **Dividend Payment**

In September 2015 the Company announced strong financial results for the 2015 financial year. The net profit after tax for the full year was \$86.9 million which facilitated the announcement of a fully franked final dividend of 6 cents per share. The 2015 final dividend was paid in October 2015.

### **Events After Balance Date**

#### *Option Issue*

On 5 January 2016, 1,000,000 unlisted employee options were issued under the Regis Resources Limited Employee Share Option Plan. The options are exercisable on or before 6 January 2020 at an exercise price of \$2.34.

#### *Dividends*

On 18 January 2016, the directors declared an interim, fully franked dividend of 4 cents per share on ordinary shares (refer note 8). The dividend was paid on 11 February 2016.

#### *Investment in Malagasy Minerals Limited*

On 3 February 2016, the conditions precedent to the completion of the Malagasy Minerals Limited ("Malagasy") Placement Agreement (refer note 10) were satisfied and the Company was subsequently allotted 38,484,022 fully paid ordinary shares in Malagasy.

Except as disclosed above, there have been no events subsequent to balance date that would significantly affect the amounts reported in the consolidated financial statements as at and for the half-year ended 31 December 2015.

### **Auditor's Independence Declaration**

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors' Report for the half-year ended 31 December 2015.

### **Rounding**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors.



Mark Clark  
Executive Chairman  
Perth, 17 February 2016



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

To: the directors of Regis Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

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

*KPMG.*

KPMG

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

R Gambitta  
*Partner*

Perth

17 February 2016

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	Note	Consolidated	
		31 December 2015	31 December 2014
		\$'000	\$'000
<b>Revenue</b>	4	243,726	240,653
Cost of goods sold	6	(172,494)	(164,537)
<b>Gross profit</b>		71,232	76,116
Other income		998	80
Investor and corporate costs		(1,047)	(509)
Personnel costs		(2,533)	(2,463)
Share-based payment expense	9	(1,846)	(919)
Occupancy costs		(272)	(270)
Other corporate administrative expenses		(414)	(422)
Exploration and evaluation written off		(7)	(29)
Other		(738)	(651)
Finance costs	6	(975)	(2,098)
<b>Profit from continuing operations before income tax</b>		64,398	68,835
Income tax expense	7	(18,419)	(21,163)
<b>Profit from continuing operations</b>		45,979	47,672
<b>Other comprehensive income</b>			
<b>Other comprehensive income for the period, net of tax</b>		-	-
<b>Total comprehensive income for the period</b>		45,979	47,672
<b>Profit attributable to members of the parent</b>		45,979	47,672
<b>Total comprehensive income attributable to members of the parent</b>		45,979	47,672
Basic profit per share attributable to ordinary equity holders of the parent (cents per share)		9.20	9.54
Diluted profit per share attributable to ordinary equity holders of the parent (cents per share)		9.17	9.54

## CONSOLIDATED BALANCE SHEET

As at 31 December 2015

	Note	Consolidated	
		31 December 2015	30 June 2015
		\$'000	\$'000
<b>Current assets</b>			
Cash and cash equivalents		76,611	51,781
Gold bullion awaiting settlement		21,934	12,710
Receivables		4,779	4,732
Inventories		24,957	30,818
Financial assets held to maturity		153	152
Other current assets		940	939
<b>Total current assets</b>		<b>129,374</b>	<b>101,132</b>
<b>Non-current assets</b>			
Inventories		25,030	21,377
Property, plant and equipment		197,590	208,959
Exploration and evaluation expenditure		118,958	118,779
Mine properties under development		332	68
Mine properties		76,631	65,874
<b>Total non-current assets</b>		<b>418,541</b>	<b>415,057</b>
<b>Total assets</b>		<b>547,915</b>	<b>516,189</b>
<b>Current liabilities</b>			
Trade and other payables		36,149	36,104
Interest-bearing liabilities		798	787
Income tax payable		13,304	3,522
Provisions		3,407	3,622
<b>Total current liabilities</b>		<b>53,658</b>	<b>44,035</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities		21,058	21,420
Deferred tax liabilities		5,208	1,140
Provisions		40,180	39,621
<b>Total non-current liabilities</b>		<b>66,446</b>	<b>62,181</b>
<b>Total liabilities</b>		<b>120,104</b>	<b>106,216</b>
<b>Net assets</b>		<b>427,811</b>	<b>409,973</b>
<b>Equity</b>			
Issued capital		431,338	431,338
Share option reserve		20,356	18,510
Accumulated losses		(23,883)	(39,875)
<b>Total equity</b>		<b>427,811</b>	<b>409,973</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	Consolidated			
	Issued capital	Share option reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2015</b>	431,338	18,510	(39,875)	409,973
Profit for the period	-	-	45,979	45,979
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	45,979	45,979
<b>Transactions with owners in their capacity as owners:</b>				
Share based payments expense	-	1,846	-	1,846
Dividends paid	-	-	(29,987)	(29,987)
Shares issued, net of transaction costs	-	-	-	-
<b>At 31 December 2015</b>	<b>431,338</b>	<b>20,356</b>	<b>(23,883)</b>	<b>427,811</b>
<i>At 1 July 2014</i>	431,304	16,551	(126,795)	321,060
Profit for the period	-	-	47,672	47,672
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	47,672	47,672
<b>Transactions with owners in their capacity as owners:</b>				
Share based payments expense	-	919	-	919
Shares issued, net of transaction costs	34	-	-	34
<b>At 31 December 2014</b>	<b>431,338</b>	<b>17,470</b>	<b>(79,123)</b>	<b>369,685</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

For the half-year ended 31 December 2015

	Note	Consolidated	
		31 December 2015	31 December 2014
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from gold sales		233,467	234,748
Payments to suppliers and employees		(134,550)	(167,907)
Option premium income		974	75
Interest received		949	139
Interest paid		(510)	(1,442)
Income tax paid		(4,569)	-
Other income		5	5
<b>Net cash from operating activities</b>		<b>95,766</b>	<b>65,618</b>
<b>Cash flows from investing activities</b>			
Acquisition of plant and equipment		(8,116)	(8,803)
Payments for exploration and evaluation (net of rent refunds)		(8,257)	(4,361)
Payments for exploration assets (net of cash)		(100)	(50)
Purchase of held to maturity investments		(1)	(2)
Payments for mine properties under development		(277)	(1,685)
Payments for mine properties		(23,978)	(26,967)
Proceeds on disposal of plant and equipment		130	-
<b>Net cash used in investing activities</b>		<b>(40,599)</b>	<b>(41,868)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	37
Payment of transaction costs		-	(3)
Repayment of borrowings		-	(20,000)
Repayment of finance lease		(350)	-
Dividends paid	8	(29,987)	-
<b>Net cash used in financing activities</b>		<b>(30,337)</b>	<b>(19,966)</b>
Net increase in cash and cash equivalents		24,830	3,784
Cash and cash equivalents at 1 July		51,781	6,615
<b>Cash and cash equivalents at 31 December</b>		<b>76,611</b>	<b>10,399</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the half-year ended 31 December 2015

### 1. Corporate Information

The interim condensed consolidated financial statements of Regis Resources Limited and its subsidiaries (collectively referred to as the “Group”) for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 17 February 2016.

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

The consolidated financial statements of the Group as at and for the year ended 30 June 2015 are available upon request from the Company’s registered office or at [www.regisresources.com](http://www.regisresources.com).

### 2. Basis of Preparation and Accounting Policies

#### Basis of preparation

The interim condensed consolidated financial statements for the half-year ended 31 December 2015 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 30 June 2015 which are available upon request from the Company’s registered office or at [www.regisresources.com](http://www.regisresources.com).

#### Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 30 June 2015, except as disclosed below.

#### Changes in accounting policies

The Group has adopted the following new and revised accounting standards, amendments and interpretations as of 1 July 2015:

- AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 *Materiality*

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



## Notes to the Financial Statements (Continued)

### 3. Operating Segment Information

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2015 and 2014 respectively.

	Moolart Well Gold Project		Garden Well/Rosemont Gold Project		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Segment revenue</i>								
Sales to external customers	62,752	81,217	179,939	159,275	-	-	242,691	240,492
Other revenue	-	-	-	-	1,035	161	1,035	161
Total segment revenue	62,752	81,217	179,939	159,275	1,035	161		
Total revenue per the statement of comprehensive income							243,726	240,653
<i>Segment result</i>								
Segment net operating profit/(loss) before tax	12,448	35,356	57,314	40,266	(5,364)	(6,787)	64,398	68,835
Income tax expense							(18,419)	(21,163)
Net profit after tax							45,979	47,672

	Moolart Well Gold Project		Garden Well/Rosemont Gold Project		Unallocated		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Segment assets</i>								
<b>As at 31 December</b>								
Segment operating assets	61,185	73,630	269,661	243,302	217,069	158,338	547,915	475,270
<b>As at 30 June</b>								
Segment operating assets	62,849	80,045	261,408	219,552	191,932	167,075	516,189	466,672

### 4. Revenue

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$'000	\$'000
<i>Revenue</i>		
Gold sales	242,691	240,492
Interest	1,035	161
	243,726	240,653

## Notes to the Financial Statements (Continued)

### 5. Physical Gold Delivery Commitments

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

	Gold for physical delivery		Contracted gold sale price		Value of committed sales		Mark-to-market <sup>(i)</sup>	
	31 December 2015	30 June 2015	31 December 2015	30 June 2015	31 December 2015	30 June 2015	31 December 2015	30 June 2015
	ounces	ounces	\$/oz	\$/oz	\$'000	\$'000	\$'000	\$'000
Within one year								
- Spot deferred contracts <sup>(ii)</sup>	147,255	135,197	1,439.92	1,436.50	212,035	194,210	(2,174)	(11,310)
- Fixed forward contracts	22,917	45,834	1,402.35	1,402.50	32,138	64,275	(1,427)	(6,263)
- Fixed forward contracts	50,000	20,000	1,453.50	1,453.50	72,675	29,070	(1,096)	(1,723)
Between one and five years								
- Fixed forward contracts	40,000	80,000	1,453.50	1,453.50	58,140	116,280	(1,452)	(9,316)
	<u>260,172</u>	<u>281,031</u>			<u>374,988</u>	<u>403,835</u>	<u>(6,149)</u>	<u>(28,612)</u>

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

\$1,455/oz      \$1,520/oz

- (i) Mark-to-market represents the value of the open contracts at balance date, calculated with reference to the gold spot price at that date. A negative amount reflects a valuation in the counterparty's favour.
- (ii) The contracted gold sale price disclosed for spot deferred contracts reflects a weighted average of a range of contract prices. The range of prices at the end of the half-year was from \$1,402.35/oz to \$1,622.90/oz (30 June 2015: \$1,402.35/oz to \$1,588.48/oz).

The Group has no other gold sale commitments.

### 6. Expenses

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$'000	\$'000
<i>(a) Cost of goods sold</i>		
Cash costs of production	128,616	130,197
Royalties	10,345	10,196
Depreciation of mine plant and equipment	20,031	16,968
Amortisation of mine properties	13,502	7,176
	<u>172,494</u>	<u>164,537</u>
<i>(b) Finance costs</i>		
Interest expense	509	1,154
Other borrowing costs	-	173
Unwinding of discount on provisions	466	771
	<u>975</u>	<u>2,098</u>

## Notes to the Financial Statements (Continued)

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$'000	\$'000
<b>7. Income Tax</b>		
<i>A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:</i>		
Accounting profit before income tax	64,398	68,835
At the Group's statutory income tax rate of 30% (2014: 30%)	19,319	20,651
Share-based payments	554	276
Unwinding of discount on provisions	-	231
Other non-deductible expenditure	3	3
Adjustment in respect of income tax of previous years	(1,457)	2
Income tax expense reported in the statement of comprehensive income	18,419	21,163

## 8. Dividends

	Consolidated	
	Half-year ended 31 December 2015	Half-year ended 31 December 2014
	\$'000	\$'000
<i>Declared and paid during the half-year:</i>		
Dividends on ordinary shares		
Final dividend for 2015: 6 cents (2014: nil) (fully-franked at 30%)	29,987	-
<i>Proposed by the directors after balance date but not recognised as a liability at 31 December:</i>		
Dividends on ordinary shares		
Interim dividend for 2016: 4 cents (2015: nil) (fully-franked at 30%)	19,991	-
<i>Dividend franking account</i>		
Franking credits available for future years at 30% adjusted for the payment of income tax and dividends payable	5,029	14
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the period	(8,568)	-

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

## Notes to the Financial Statements (Continued)

### 9. Share-Based Payments

On 12 August 2015, employees (none of whom were directors) of the Company were granted 8,430,000 options under the Regis Resources Limited Employee Share Option Plan. The exercise price of the options of \$1.40 was equal to the market price of the shares on the date of grant. Half of the options will vest and be exercisable two years from the date of grant, with the remaining half vesting three years from grant date, provided the employee remains in the service of the Company.

On 12 August 2015, the board also recommended the issue of 1,500,000 employee options to Mr Mark Clark (Executive Chairman) on the same terms and conditions as the grant of options to employees discussed above, subject to shareholder approval, which was obtained on 12 November 2015 at the Company's annual general meeting.,

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

Grant date	12 August 2015	12 November 2015
Share price at grant date	\$1.41	\$2.06
Exercise price	\$1.40	\$1.40
Expected dividends	4.3%	2.9%
Risk-free interest rate	1.89%-1.87%	2.07% - 2.15%
Expected volatility	87.0% - 99.6%	84.7% - 100.7%
Expected life	2 – 3 years	2 – 3 years
Fair value per option at grant date	\$0.58 - \$0.74	\$1.04 - \$1.27

In the half-year ended 31 December 2015, the Group has recognised total share-based payments expense (for new and existing grants) of \$1,846,000 in the statement of comprehensive income (2014: \$919,000).

### 10. Commitments and Contingencies

#### *Malagasy Minerals Limited Placement Agreement*

On 8 December 2015, the Company entered into a Placement Agreement with Malagasy Minerals Limited ("Malagasy") for the conditional placement of 38,484,022 fully paid ordinary shares in Malagasy to Regis at an issue price of 3.3 cents per share, being total consideration of \$1,270,000. Completion of the placement was contingent upon the completion of the acquisition of Greenmount Resources Pty Ltd and its Karlawinda Gold Project by Malagasy, which was approved by shareholders at a general meeting on 3 February 2016.

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

### 11. Subsequent Events

#### *Option Issue*

On 5 January 2016, 1,000,000 unlisted employee options were issued under the Regis Resources Limited Employee Share Option Plan. The options are exercisable on or before 6 January 2020 at an exercise price of \$2.34.

#### *Dividends*

On 18 January 2016, the directors declared an interim dividend of 4 cents per share on ordinary shares (refer note 8). The dividend was paid on 11 February 2016.

#### *Investment in Malagasy Minerals Limited*

On 3 February 2016, the conditions precedent to the completion of the Malagasy Minerals Limited ("Malagasy") Placement Agreement (refer note 10) were satisfied and the Company was subsequently allotted 38,484,022 fully paid ordinary shares in Malagasy.

Except as disclosed above, there have been no events subsequent to balance date that would significantly affect the amounts reported in the consolidated financial statements as at and for the half-year ended 31 December 2015.

## DIRECTORS' DECLARATION

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

In the opinion of the directors:

- (a) The financial statements and notes of Regis Resources Limited for the half-year ended 31 December 2015 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Mark Clark  
Executive Chairman  
Perth, 17 February 2016



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

We have reviewed the accompanying consolidated interim financial report of Regis Resources Limited, which comprises the consolidated balance sheet as at 31 December 2015, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 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 half-year's end or from time to time during the half-year.

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

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Regis Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *Independence*

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



*Conclusion*

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*KPMG.*

KPMG

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

R Gambitta  
*Partner*

Perth

17 February 2016