# REGALPOINT RESOURCES LIMITED

**ACN 122 727 342**

# ANNUAL REPORT

**30 JUNE 2013**

# CORPORATE DIRECTORY

| | | |
|---|---|---|
| **DIRECTORS** | Shane L Stone | (Non- Executive Chairman) |
| | Simon Trevisan | (Executive Director) |
| | Ian Murchison | (Non-Executive Director) |

**COMPANY SECRETARY**

Fleur Hudson

**REGISTERED AND PRINCIPAL OFFICE**

Level 14
191 St Georges Terrace
PERTH WA 6000
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Facsimile: (08) 9321 5932
Website: www.regalpointresources.com.au
Email: enquiry@regalpointresources.com.au

**AUDITORS**

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

**SHARE REGISTRY**

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

**HOME EXCHANGE**

Australian Securities Exchange Ltd
Exchange Plaza
2 The Esplanade
PERTH WA 6000
**ASX Code: RGU; RGUO**

**SOLICITORS**

Jackson McDonald
Level 25
140 St Georges Terrace
PERTH WA 6000

**BANKERS**

St George Bank
Level 1, Westralia Plaza
167 St Georges Terrace
PERTH WA 6000

# CONTENTS

# CHAIRMAN'S LETTER

Dear Shareholder

On behalf of the Board it is with pleasure we provide you with Regalpoint Resources Limited's Annual Report.

During 2012/2013 year equity markets for junior explorers in general and in particular for those in the uranium sector continued to be very challenging. Regalpoint, as with all exploration companies, is dependent on access to new capital to fund the ongoing exploration and development of its projects.

With this in mind, the Company's focus over the past year has been on husbanding cash and maintaining the minimum core of projects which we believe can be of significant value once the market improves. The Board has also continued to look at a variety of other opportunities which have the potential to add value for our shareholders and which we believe would add sufficient value in the short term to justify any required dilution needed to fund the projects.

The signs are that in the next 12 to 18 months the market for uranium should improve as the demand and supply equation tightens and this should reflect through to the value of equities for explorers with good projects. The Company will progress its Paroo Project this year with a program designed to test the discovery we have made at greater depth. We will also, in a limited way, continue to advance our King Leopold Project and the other targets identified on our ground surrounding Paroo Range.

Thank you for your continuing support in an otherwise difficult and challenging environment.

Yours faithfully

**Hon. Shane L Stone** AC PGDK QC FACE FAIM FAICD F FIN
Non-Executive Chairman

## OPERATIONAL REPORT

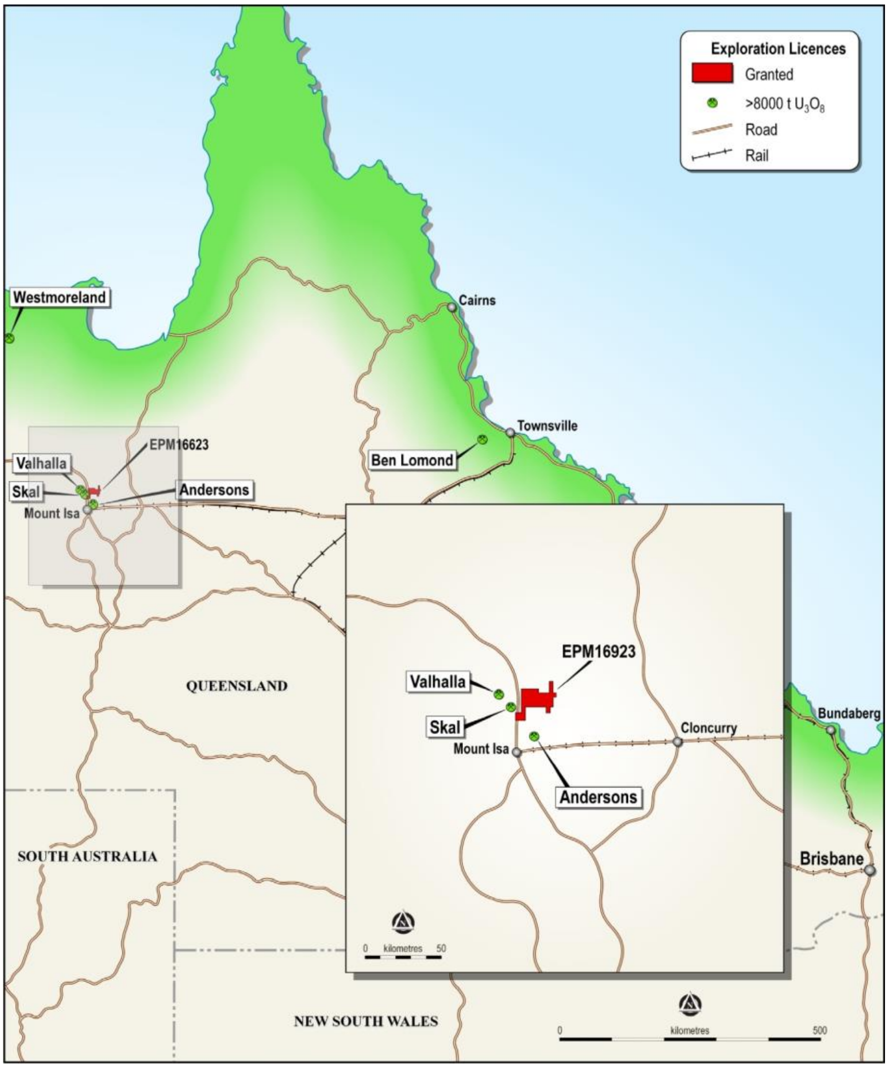
### SUMMARY

The Company has focused on incrementally advancing its core portfolio of Australian uranium and gold tenements – Paroo Range Project (Qld), King Leopold Project (WA) and Rum Jungle (NT) - with non-core areas in its extensive tenement holdings being rationalised. These project areas were initially identified for the Company by the Centre for Exploration Targeting using a mineral systems approach for highly prospective economic uranium and other mineral deposits.

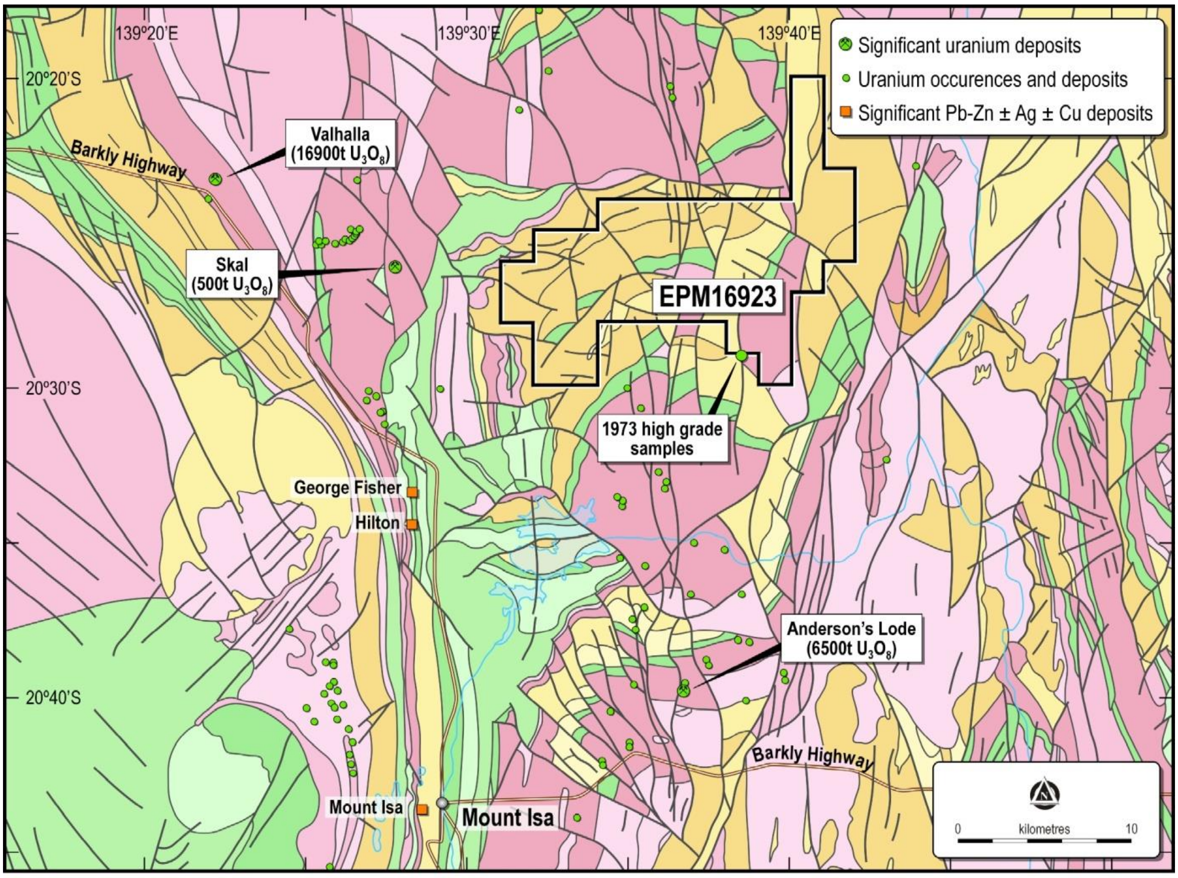
Exploration work undertaken on the projects has yielded very encouraging results. In particular, the initial exploration results from the Skevi Prospect at the Company's 100% owned Paroo Range Project point to that project's potential to host economic uranium resources.

### PAROO RANGE, QLD (RGU 100%) – Uranium Exploration Target

The project tenements cover outcropping of the Eastern Creek Volcanic system, the main host lithology for known mineralisation in the Mt Isa district. This system hosts the significant Valhalla and Skal uranium resources, which are adjacent to the Company's tenement holdings.

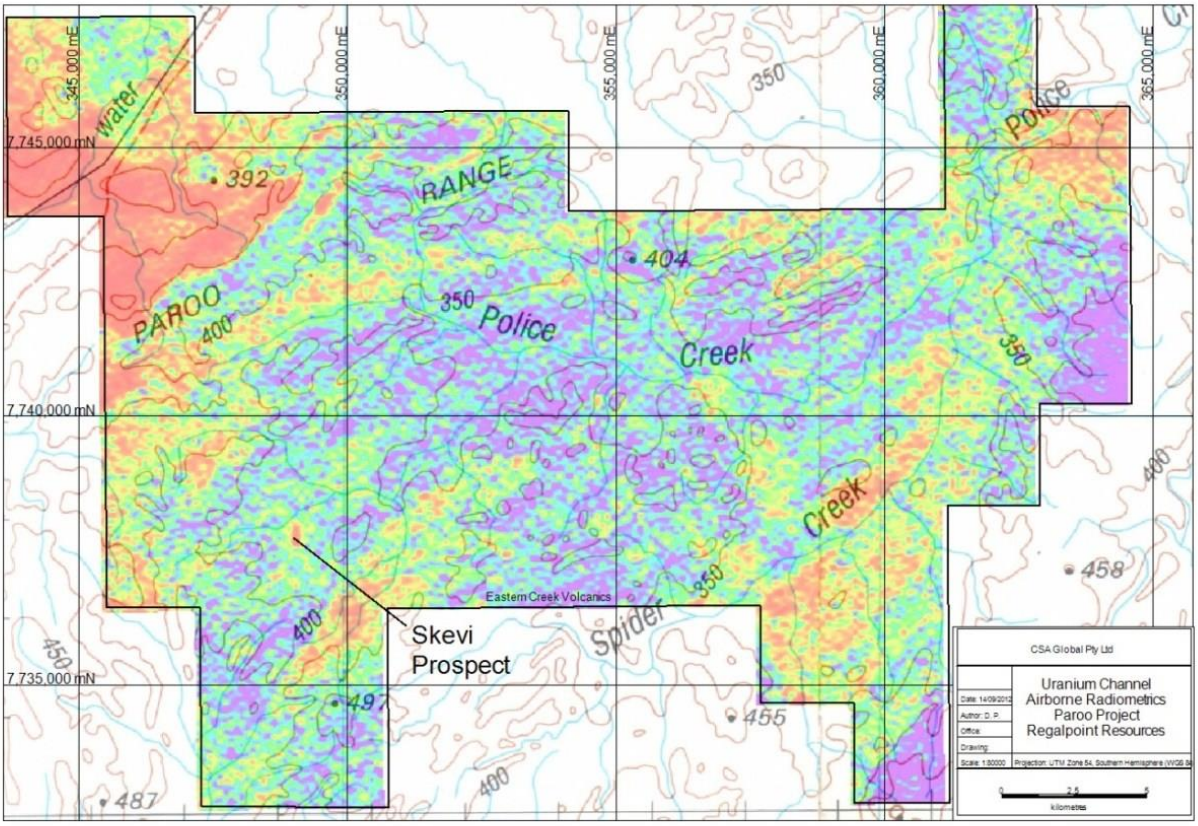



*Location of the Paroo Range Project*




*Geology map of the Paroo Range district (Queensland Mines Department) showing uranium prospects*

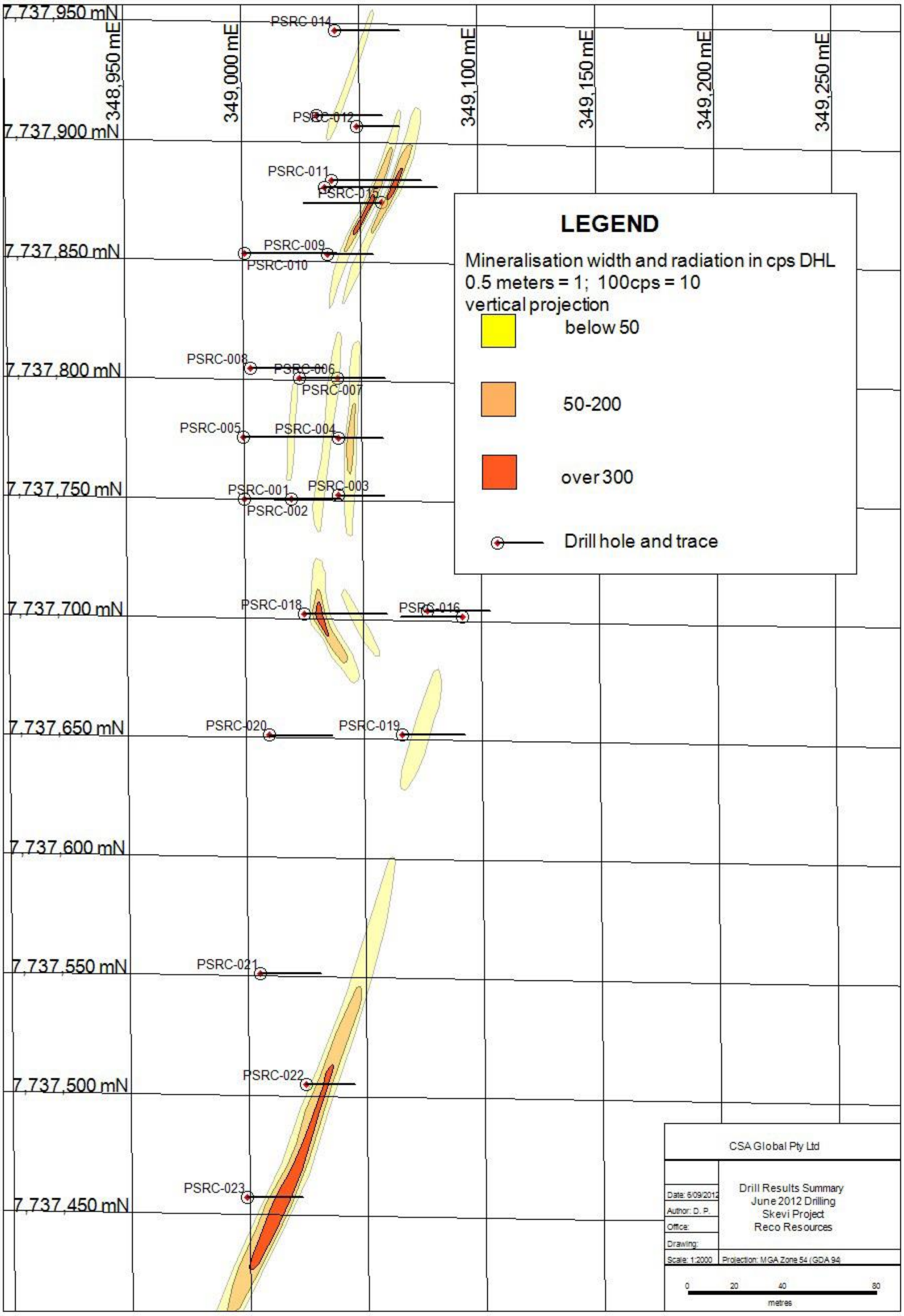
An airborne radiometric survey was undertaken over the tenement area in late 2010/early 2011. The survey identified a significant radiometric anomaly (Skevi) in the Eastern Creek Volcanics and several other smaller anomalies were also identified.




*Uranium Channel radiometrics of the Paroo Range Project area*

The Skevi anomaly was ground checked and sampled prior to being drilled. No ground radiometric mapping was undertaken because of extensive quaternary ground cover; however spot radiometric anomalies were recorded which were used to design a drill program. Drilling was undertaken in June 2012 with 24 holes drilled along lines spaced 25 to 50m apart. The drilling was designed to target mineralisation associated with the radiometric anomalies which were considered to be related to an N-S structure consistent with the trended of the radiometric anomalies.

The drilling identified a mineralised shear system trending at 010° made up of several mineralised fault zones spaced 6 to 10m apart over a length 500m.




*Plan of the June 2012 drilling program*

The results were very encouraging, with the highest grade intercept of 7m @ 1155ppm $U_3O_8$.

| Hole | Northing | Interval | $U_3O_8$ (ppm) |
|---|---|---|---|
| **PSRC-001** | 7737750 | 39-39 | 1m @ 210 |
| | | 41-42 | 1m @240 |
| **PSRC-004** | 7737776 | 9-11 | 2m @ 695 |
| **PSRC-009** | 7737853 | 12-17 | 5m @ 242 |
| | | 33-34 | 1m @ 615 |
| **PSRC-011** | 7737884 | 41-44 | 3m @ 473 |
| | | 59-70 | 11m @ 225 |
| | | 10-17 | 7m @ 324 |
| **PSRC-018** | 7737702 | 3-10 | 7m @ 352 |
| **PSRC-022** | 7737505 | 9-10 | 1m @ 330 |
| | | 14-21 | 7m @ 261 |
| **PSRC-023** | 7737457 | 25-32 | 7m @ 1155 |
| | | Inc 27-30 | 3m @ 2457 |
| | | 34-35 | 1m @ 765 |
| **PSRC-024** | 7737881 | 42-46 | 4m @ 292 |
| | | 60-66 | 6m @ 240 |

*Best Intercepts from the initial drill program*
*Full Results are included at the end of this report*

The zone has the potential to be of similar strike length to the Valhalla deposit.

| | Valhalla[1] | Skevi |
|---|---|---|
| Strike direction | 350 degrees, Structurally controlled | 360 degrees |
| Strike Length | 600m strike length | 500m open ended |
| Down Dip | 450m | Not known but drilling to 70m down hole intersected good grades |
| Thickness | 60m at 100 ppm contour | Generally narrow zones of several metres based on best intercepts. Up to 20m encountered |
| Limit of Mineralisation | 100ppm contour | All intercepts quoted exceed 100ppm |
| High Grade Zone | 450 ppm contour | Best hole 7m at 1155ppm |
| Alteration Assemblage | Haematite, Magnetite | Strong haematite alteration noted in the early holes. Presence of magnetite mentioned but unclear if this is due to alteration |
| Resource Grade | 770ppm at 230ppm cutoff | One hole exceeds 1000ppm. Several intercepts exceed 230 ppm. |

[1] **Polito P A, Kyser T K and Stanley C** 2004 - The Proterozoic, albitite-hosted, Valhalla uranium deposit, Queensland, Australia: a description of the alteration assemblage associated with uranium mineralisation in diamond drill hole V39: *in Mineralium Deposita* v44 pp 11-40

CSA Global undertook an extensive review of the previous work on the Skevi project and the surrounding area within the tenement. The review made recommendations for further drilling in the vicinity of the earlier intersections at Skevi. Regalpoint has commenced further work in H2 2013, and will continue with the remainder of the program in 2014.

The proposed and budgeted drill program is designed to investigate the extent and grade of mineralisation at Skevi to a depth of 70m by following up the initial program where intersections greater than 2-4m of greater than 200ppm U were identified. The drill line spacing is 50m with drill holes planned to intersect mineralisation at 30 and 60m depth. Additional drill lines have been proposed where the mineralisation is affected by cross cutting structures. If this drilling fails to close off the mineralisation to the north and south, additional drilling will be undertaken (low priority drilling).

### RUM JUNGLE, NT (RGU 100%) – Gold Exploration Target

Regalpoint holds three granted tenements in the Northern Territory (EL26094, EL26091 and EL26322) covering 100.80 square kilometres in the Batchelor area and one tenement application (EL26098) covering 31.50 square kilometres in the Adelaide River area.

The Highlander gold prospect is a historical gold anomaly located within EL26094 (85.05 square kilometres), east of Batchelor in the Northern Territory. RC drilling and trenching has defined a coherent zone of anomalous gold mineralisation at the thrust fault contact of the Whites Formation and overlying Wildman Siltstone.

Regalpoint's exploration work to date includes a desktop review of historical exploration work, followed by the drilling of 18 RC holes (1,528m), digging of 6 trenches (768m) and a reconnaissance scale mapping, sampling (85 rock chips) and ground magnetic survey over much of the tenement area.

The desktop review identified several significant Au intercepts recorded by Nicron Resources (Nicron) in the mid-1990s. Nicron drilled 24 RC holes over a gold soil anomaly now known as the Highlander Prospect. Normandy Woodcutters Limited (Normandy) took over the tenement and interpreted the anomaly as a stratabound zone of vein type gold mineralisation over a strike length of 4.5km. The mineralisation is interpreted as a sulphide Au-Quartz vein system in the boundary vicinity of the Wildman Siltstone and underlying Whites Formation. The structure in the area is dominated by a series of north-south striking anticlines.

The mineralisation is stratigraphically linked to the nearby (approx. 3kms south-west) Woodcutter Mine (Zn, Pb, Ag & Sb) which was rehabilitated in 1999. The geology consists of easterly dipping Upper Whites Formation sediments and Acacia Gap Quartzite on the eastern limb of the Woodcutters Anticline (Eupene). Studies conducted by Normandy on the Woodcutters deposit indicate mineralisation at increasing depth is more pyritic and contains significant gold values. One possible interpretation is that the elevated gold and associated arsenic values at Highlander may reflect leakage or zonation from this mineralising event, although this has never been fully tested.

The Company is planning further drilling of the Highlander Gold Prospect.

### KING LEOPOLD, WA (RGU: 100%) - Uranium Exploration Target

Regalpoint holds three granted tenements in the King Leopold area (E80/4211, E80/4264 and E80/4311) covering an area of 400.05 square kilometres. The project area lies over the unconformity between the Hooper Complex of the King Leopold Orogen, a Lower Proterozoic mobile zone, and the southern margin of the Kimberley Basin, a Middle Proterozoic continental basin lying unconformably over the rocks of the King Leopold and Halls Creek Orogens. In places, this unconformity has acted as an overthrust fault surface of the Kimberley Basin rocks thrust over the Hooper Complex.

The Jupiter prospect is located where two faults intersect at a small angle and where fault slivers of sandstone have been found down faulted in the Whitewater volcanics. The small (35m long and 5m wide) U channel anomaly lies within the fault zone in the mafic volcanics. The Juno prospect lies along the same fault structure as the Jupiter Prospect but is considerably larger (70m long with a stronger radiometric response). The anomaly lies in the Whitewater Volcanics adjacent to a thin quartz vein with numerous radiometric peak anomalies along its length. L43 Prospect lies on the top of a large sandstone ridge that has a flat top of an old erosion surface. The anomaly lies near the base of the King Leopold sandstone, which overlies the Whitewater Volcanics, on a cross fault that cuts across the sandstone.

*The information in this report that relates to Exploration Results, Exploration Targets, Mineral Resources or Ore Reserves is based on information compiled by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Castle is a consultant geologist to Regalpoint Resources Limited. He has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Castle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

## PAROO RANGE DRILLING RESULTS

| Hole | Easting | Northing | TD | Dip | Azi. | Downhole Gamma | | Chemical analysis | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Interval | $eU_3O_8$ (ppm) | Interval | $U_3O_8$ (ppm) |
| **PSRC-001** | 349020 | 7737750 | 48 | 60 | 90 | 25-25.5 | 0.5m @ 104 | 39-39 | 1m @ 210 |
| | | | | | | | | 41-42 | 1m @240 |
| **PSRC-002** | 349000 | 7737750 | 84 | 60 | 90 | NSR | | NSR | |
| **PSRC-003** | 349040 | 7737752 | 42 | 60 | 88 | 6.5-7 | 0.5m @149 | NSR | |
| **PSRC-004** | 349040 | 7737776 | 42 | 60 | 86 | 9-10.5 | 1.5m @ 444 | 9-11 | 2m @ 695 |
| **PSRC-005** | 349000 | 7737776 | 96 | 60 | 90 | 45.5-46 | 0.5m @ 107 | 44-46 | 2m @135 |
| | | | | | | 73.5-74 | 0.5m @ 102 | 72-75 | 3m @ 112 |
| | | | | | | 75.5-76 | 0.5m @ 109 | | |
| **PSRC-006** | 349040 | 7737801 | 36 | 60 | 90 | NSR | | NSR | |
| **PSRC-007** | 349024 | 7737801 | 60 | 60 | 89 | 35.6-37.8 | 2.2m @132 | 26-27 | 1m @ 175 |
| | | | | | | | | 35-38 | 3m @ 134 |
| **PSRC-008** | 349003 | 7737805 | 78 | 60 | 89 | NSR | | NSR | |
| **PSRC-009** | 349036 | 7737853 | 42 | 60 | 91 | 12.4-16.4 | 4m @ 150 | 12-17 | 5m @ 242 |
| | | | | | | 34-35 | 1m @ 233 | 33-34 | 1m @ 615 |
| **PSRC-010** | 349001 | 7737853 | 90 | 60 | 91 | NSR | | NSR | |
| | | | | | | 42-44.2 | 2.2m @ 345 | 41-44 | 3m @ 473 |
| **PSRC-011** | 349038 | 7737884 | 84 | 60 | 88 | 59.7-61.8 | 2.1m @ 156 | 59-70 | 11m @ 225 |
| | | | | | | 62.8-69.2 | 6.4m @ 164 | | |
| **PSRC-012** | 349049 | 7737907 | 60 | 60 | 91 | 32.5-33 | 0.5m @ 101 | 31-31 | 1m @ 140 |
| | | | | | | 47-47.5 | 0.5m @ 159 | 47-48 | 1m @ 140 |
| **PSRC-013** | 349032 | 7737911 | 60 | 60 | 89 | NSR | | NSR | |
| **PSRC-014** | 349040 | 7737947 | 60 | 60 | 89 | NSR | | NSR | |

| Hole | Easting | Northing | TD | Dip | Azi. | Downhole Gamma | | Chemical analysis | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Interval | $eU_3O_8$ (ppm) | Interval | $U_3O_8$ (ppm) |
| **PSRC-015** | 349059 | 7737875 | 78 | 60 | 268 | 6-7.5 | 1.5m @ 114 | 6-7 | 1m@ 105 |
| | | | | | | 10.5-11 | 1m @107 | 10-17 | 7m @ 324 |
| | | | | | | 13.2-16.7 | 3.5m @ 284 | 35-36 | 1m @140 |
| **PSRC-016** | 349092 | 7737702 | 60 | 60 | 269 | NSR | | NSR | |
| **PSRC-017** | 349077 | 7737704 | 60 | 60 | 91 | NSR | | NSR | |
| **PSRC-018** | 349025 | 7737702 | 78 | 60 | 91 | 5.3-10.7 | 5.4m @ 254 | 3-10 | 7m @ 352 |
| | | | | | | 52-52.5 | 0.5m @ 143 | 51-52 | 1m @ 180 |
| **PSRC-019** | 349066 | 7737652 | 60 | 60 | 90 | NSR | | 12-13 | 1m @ 100 |
| **PSRC-020** | 349010 | 7737651 | 58 | 60 | 91 | NSR | | NSR | |
| **PSRC-021** | 349005 | 7737551 | 60 | 60 | 89 | NSR | | NSR | |
| **PSRC-022** | 349024 | 7737505 | 48 | 60 | 89 | 9.5-10.5 | 1m @ 142 | 9-10 | 1m @ 330 |
| | | | | | | 15.4-17.6 | 2.2m @ 295 | 14-21 | 7m @ 261 |
| | | | | | | 20-21 | 1m @ 116 | | |
| **PSRC-023** | 348999 | 7737457 | 48 | 60 | 91 | 25.9-31.3 | 5.4m @ 560 | 25-32 | 7m @ 1155 |
| | | | | | | Inc 27.4-30.3 | 2.9m @ 856 | Inc 27-30 | 3m @ 2457 |
| | | | | | | 34-5-35.5 | 1m @ 199 | 34-35 | 1m @ 765 |
| **PSRC-024** | 349035 | 7737881 | 120 | 60 | 91 | 42.1-44.4 | 2.3m @ 281 | 42-46 | 4m @ 292 |
| | | | | | | 60.2-61.9 | 1.7m @ 178 | 60-66 | 6m @ 240 |
| | | | | | | 63.4-66.2 | 2.8m @ 120 | 70-73 | 3m @ 104 |
| | | | | | | 69.5-70.5 | 1m @ 128 | 75-76 | 1m @ 115 |

# DIRECTORS' REPORT

The Directors present their report together with the financial report of Regalpoint Resources Limited (**Company**) for the financial year ended 30 June 2013 and the Auditor's Report thereon.

## DIRECTORS

The names and details of the Directors in office during the financial year and until the date of this report are set out below.

- Shane L Stone (Non-Executive Chairman)
- Simon Trevisan (Executive Director)
- Ian Murchison (Non-Executive Director)
- Robert Pett (Non-Executive Director– Resigned on 9 April 2013)
- Richard Lockwood (Non-Executive Director – Resigned on 12 October 2012)
- Nicholas Ross Burn (Chief Executive Officer – Resigned on 20 July 2012)

Directors have been in office the entire period unless otherwise stated.

## BOARD OF DIRECTORS

**Hon Shane L Stone** AC PGDK QC FACE FAIM FAICD F FIN – **Non-Executive Chairman**

### *Experience and Expertise*

Mr Stone is Chairman of Anne Street Partners. He is also the Executive Chairman of the APAC Group consulting to companies operating in the Asia-Pacific Region. He is an alumnus of the Australian National University, Melbourne Law School, Adelaide and Sturt Universities and a Fellow of the Australian Institute of Management and Australian Institute of Company Directors. He is also a Fellow and Life Member of the Australian College of Educators.

Mr Stone has a strong background in the export of Australian commodities. He has at various times acted as independent Director to various public and private companies. He formerly served as Chief Minister of the Northern Territory, Minister for Mines and Energy and Federal President of the Liberal Party of Australia. He was a Barrister prior to his entry into politics.

In 2006 he was made a Companion of the Order of Australia in the Queen's Birthday Honours list. Mr Stone has also received national awards from Indonesia and Malaysia.

His not-for-profit activities include the Australian Children's Television Foundation, Defence Reserves Support Council, the Order of Australia Association and National Chairman of the Duke of Edinburgh's Award.

Mr Stone is the Chairman of the Share Trading Committee and a member of the Audit and Risk Committee and Nomination and Remuneration Committee.

### *Other Current Directorships*

Chairman of Mayfair (UK) in Australia (including Anne Street Partners, QNV and subsidiaries)
Executive Chairman of the APAC Group
Independent Non-Executive Director of Impellam plc (UK)
Chairman of Energex Limited

### *Former Directorships in last 3 years*

None

### *Special Responsibilities*

Chairman of the Share Trading Committee
Member of the Audit and Risk Committee
Member of the Nomination and Remuneration Committee

### *Interests in Shares and Options*

1,034,207 ordinary shares in Regalpoint Resources Limited
838,155 options over ordinary shares in Regalpoint Resources Limited

**Simon Trevisan** B Econ, LLB (Hons), MBT - **Executive Director**

### *Experience and Expertise*

Mr Trevisan is the Managing Director of the Transcontinental Group of Companies and for the past 15 years has been responsible for managing Transcontinental Group's mining and oil & gas investments and property development projects. Mr Trevisan has been involved in the promotion and management of a number of public companies, including Mediterranean Oil & Gas plc, an AIM listed Oil & Gas Company with production and a substantial oil discovery in Italy.

He was Executive Chairman of ASX-listed gold explorer Aurex Consolidated Ltd until its takeover by TerraGold Mining Ltd and a founding investor and Director of Regalpoint Resources Limited and Ausgold Limited. He has a Bachelor of Economics and a Bachelor of Laws (UWA) and a Masters Degree in Business and Technology from the University of New South Wales. Mr Trevisan initially practised as a solicitor with Allens Arthur Robinson Legal Company firm, Parker and Parker, in the corporate and natural resources practice groups and later acted as General Counsel to a group of public companies involved in the mining and exploration sectors.

Mr Trevisan is the Chairman of the Nomination and Remuneration Committee and a member of the Share Trading Committee and Audit and Risk Committee.

### *Other Current Directorships*

Managing Director of the Transcontinental Group

### *Former Directorships in last 3 years*

Director of Ausgold Limited (Resigned on 4$^{th}$ February 2013)

### *Special Responsibilities*

Chairman of the Nomination and Remuneration Committee
Member of the Share Trading Committee
Member of the Audit and Risk Committee

### *Interests in Shares and Options*

17,207,982 ordinary shares in Regalpoint Resources Limited
12,905,987 options over ordinary shares in Regalpoint Resources Limited

**Ian Murchison** B.Comm., FCA, Dipl Naut Sc - **Director**

### *Experience and Expertise*

Mr Murchison is an Investment Director and a founding shareholder of Perth-based private equity fund manager Foundation Capital. Foundation Capital was established in 1994 and has invested institutional funds of over $125 million, primarily in Western Australia.

Mr Murchison is a Fellow of the Institute of Chartered Accountants and was a founding Partner of Sothertons Chartered Accountants. Mr Murchison is a Director of Austwide Distributors Pty Ltd.

Mr Murchison is the Chairman of the Audit and Risk Committee and a member of the Share Trading Committee and Nomination and Remuneration Committee.

### *Other Current Directorships*

Investment Director of Perth-based private equity fund manager Foundation Capital
Director of Austwide Distributors Pty Ltd

### *Former Directorships in last 3 years*

Director of Skill Hire Pty Ltd
Alternate Director to Mr Simon Trevisan at Ausgold Limited

### *Special Responsibilities*

Chairman of the Audit and Risk Committee
Member of the Share Trading Committee
Member of the Nomination and Remuneration Committee

### *Interests in Shares and Options*

4,539,460 ordinary shares in Regalpoint Resources Limited
3,404,595 options over ordinary shares in Regalpoint Resources Limited

**Robert Pett** BA (Hons), MA (Econ), FAICD, Minerals Economist – **Director** (Resigned 9 April 2013)

### *Other Current Directorships*

Chairman of Ausgold Limited
Chairman of A-Cap Resources Limited

### *Interests in Shares and Options*

1,875,717 ordinary shares in Regalpoint Resources Limited
1,406,788 options over ordinary shares in Regalpoint Resources Limited

**Richard Lockwood - Director** (Resigned 12 October 2012)

### *Other Current Directorships*

Director of Praetorian Resources Ltd
Non-Executive Director of Ausgold Ltd
Non-Executive Director of Indochina Minerals Ltd

### *Interests in Shares and Option*

2,668,457 ordinary shares in Regalpoint Resources Limited.
2,110,093 options over ordinary shares in Regalpoint Resources Limited

**Nicholas Burn** BSc. (Hons), MBA, MAIG – **Chief Executive Officer** (Resigned 20 July 2012)

### *Interests in Shares and Options*

10,000 ordinary shares in Regalpoint Resources Limited
12,500 options over ordinary shares in Regalpoint Resources Limited

## COMPANY SECRETARY

**Fleur Hudson** BA, LLB, LLM (Disp. Res.)

### *Experience and Expertise*

Mrs Hudson has a Bachelor of Arts, a Bachelor of Laws and Master of Laws degrees. Mrs Hudson has been a Director of Transcontinental Group since 2009 and was appointed as Company Secretary of Ausgold Limited (resigning in November 2011), Regalpoint Resources Limited and Brazilian Metals Group Limited in 2010.

Prior to that, she has practiced as a solicitor with international law firms in Perth and in London since 1998. As a solicitor, Mrs Hudson has advised large national and international companies with respect to a variety of civil construction, infrastructure and commercial issues.

### *Other Current Directorships*

Director of the Transcontinental Group

### *Former Directorships in last 3 years*

None

### *Special Responsibilities*

Company Secretary

### *Interests in Shares and Options*

150,000 ordinary shares in Regalpoint Resources Limited
187,500 options over ordinary shares in Regalpoint Resources Limited

# DIRECTORS' REPORT

## DIRECTORS' SHAREHOLDINGS

The following table sets out each Director's relevant interest in shares and options of the Company as at the date of this report:

| | Number Shares | Number Options |
|---|---|---|
| **Directors** | | |
| Shane Stone[1] | 1,034,207 | 838,155 |
| Simon Trevisan[2] | 17,207,982 | 12,905,987 |
| Ian Murchison[3] | 4,539,460 | 3,404,595 |
| **Company Secretary** | | |
| Fleur Hudson | 150,000 | 187,500 |

Note 1: Relevant interest as a beneficiary of S&J Stone Pty Ltd (Stone Family Superannuation Fund).
Note 2: Relevant interest as Director and controlling Shareholder of Transcontinental Investments Pty Ltd.
Note 3: Interest as controlling Shareholder of Tenalga Pty Ltd.

## DIRECTORS' REMUNERATION

Information about the remuneration of Directors is set out in the Remuneration Report of this Directors' Report, on pages 20 to 25.

## SHARES UNDER OPTION

Unissued ordinary shares of Regalpoint Resources Limited under option at the date of this report are as follows:

| Date options granted | Expiry date | Issue price of shares | Number under option |
|---|---|---|---|
| 30 May 2011 | 31 March 2014 | $0.20 | 66,328,948 |

No option holder has any right under the options to participate in any other share issue of the Company.

## PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year comprised of mineral exploration in Australia. There were no other significant changes in the nature of the Company activities during the financial year.

## DIVIDENDS PAID OR RECOMMENDED

The Directors of the Company do not recommend the payment of a dividend in respect of the current financial year ended 30 June 2013.

## REVIEW OF OPERATIONS

The Company's net loss after providing for income tax for the year ended 30 June 2013 amounted to $1,417,919 (2012: $4,061,323) including exploration expenditure written off of $928,747 (2012: $3,614,233). At 30 June 2013, the Company has $1,071,153 between cash and cash equivalents and investments.

## SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company during the year.

## AFTER REPORTING DATE EVENTS

There are no other post reporting date events at the reporting date.

## LIKELY DEVELOPMENTS

The Company will continue to pursue its main objective of developing interests in exploration projects.

## ENVIRONMENTAL ISSUES

The Company's exploration and mining activities are governed by a range of environmental legislation. As the Company is still in the development phase of its interests in exploration projects, it is not yet subject to the public reporting requirements of environmental legislation. To the best of the Directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

### *National Greenhouse and Energy Reporting Act 2007*

This is an Act to provide for the reporting and dissemination of information related to greenhouse gas emissions, greenhouse gas projects, energy production and energy consumption, and for other purposes. The Consolidated Entity is not subject to the National Greenhouse and Energy Reporting Act 2007.

## DIRECTORS' MEETING

During the financial year, 8 meetings (including Committees of Directors) were held. Attendances by each Director during the year were as follows:

| | Directors' Meetings | | Remuneration Committee* | | Audit Committee** | |
|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| **Directors** | | | | | | |
| Shane Stone | 5 | 5 | 1 | 1 | 2 | 2 |
| Simon Trevisan | 5 | 5 | 1 | 1 | 2 | 2 |
| Ian Murchison | 5 | 5 | 1 | 1 | 2 | 2 |
| Robert Pett | 5 | 2 | - | - | - | - |
| Richard Lockwood | 1 | 1 | - | - | - | - |

* During the financial year Mr Trevisan was Chairman of the Remuneration Committee and Mr Stone and Mr Murchison were members.

** During the financial year Mr Murchison was Chairman of the Audit Committee and Mr Stone and Mr Trevisan were members.

There were no Share Trading Committee Meetings held during the year.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Entity or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## INDEMNIFICATION OF OFFICERS AND AUDITORS

### (a) Indemnification

The Company has agreed to indemnify the current Directors and Company Secretary of the Company against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Company Secretary of the Company, except where the liability arises out of conduct involving a lack of good faith.

The Agreement stipulates that the Company will meet to the maximum extent permitted by law, the full amount of any such liabilities, including costs and expenses.

### (b) Insurance premiums

The Company paid a premium during the year in respect of a Director and Officer Liability Insurance Policy, insuring the Directors of the Company, the Company Secretary, and all Executive Officers of the Company against a liability incurred as such a Director, Secretary or Executive Officer to the extent permitted by the *Corporations Act 2001*.

During the period ended 30 June 2013, the Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance for Directors and Officers of the Company. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors and Officers in their capacity as Directors and Officers of the Company. On 07 March 2013, the Company paid an insurance premium of $11,700 covering the period from 02 March 2013 to 02 March 2014 (2012: $11,650).

## NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*.

The Board and the Audit and Risk Committee have considered the non-audit services provided during the financial year by the Auditor and are satisfied that the provision of those non-audit services during the financial year by the Auditor is compatible with, and did not compromise, the Auditor's independence requirements of the *Corporations Act 2001* for the followings reasons:

(a) all non-audit services were subject to the Corporate Governance procedures adopted by the Company; and

(b) the non-audit services provided do not undermine the general principals relating to Auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

There are no other services provided from BDO Audit (WA) Pty Ltd.

## AUDITORS INDEPENDENCE DECLARATION

The Auditors Independence Declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2013 has been received and can be found on page 36.

## REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Regalpoint Resources Limited and for the other Key Management Personnel. This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and has been audited in accordance with the requirements by section 308(3C) of the *Corporations Act 2001* and the *Corporations Regulations 2001*.

For the purposes of this report, Key Management Personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company. The Entity presently has one Executive Director, one Non-Executive Director and a Non-Executive Chairman.

### *Remuneration Policy*

The Remuneration Policy of Regalpoint Resources Limited has been designed to align Director and Executive objectives with Shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The Board of Regalpoint Resources Limited believes the Remuneration Policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the economic entity, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the economic entity is as follows:

(a) the Remuneration Policy, setting the terms and conditions for the Executive Directors and other Senior Executives, was developed by the Remuneration Committee and approved by the Board.

(b) the Board reviews executive packages annually by reference to executive performance and comparable information from industry sectors.

The performance of Executives is measured against criteria agreed with each Executive and is based predominantly on the forecast growth of the economic entity's profits and Shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The Policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in Shareholder wealth. Executives are also entitled to participate in employee share and option arrangements.

During the year, the Company has used external consultants as required, but the Company has no fixed remuneration package with the external consultants.

### *Company performance, Shareholder wealth and Director and Executive remuneration*

The Remuneration Policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. Each year the Board reviews Directors' remuneration and will consider the issue options as part of the Director's remuneration to encourage the alignment of personal interest and Shareholder interests.

### *Performance based remuneration*

Due to the size of the Company, its current stage of activities and its relatively small number of employees, the Company has not implemented performance-based remuneration for the current year or prior years.

### *Voting and comments made at the Company's 2012 Annual General Meeting*

The Company received more than 80% of "yes" votes on its Remuneration Report for the 2012 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

### *Consequences of Company performance on Shareholder wealth*

The Remuneration Committee has observed the following indices in respect of the current financial year and the previous financial year.

| | 2013 | 2012 | 2011 |
|---|---|---|---|
| Comprehensive loss attributable to owners of Regalpoint Resources Limited | (1,417,919) | (4,061,323) | (180,442) |
| Change in share price | 0.01 | $0.03 | $0.22 |
| Loss per share for profit from continuing operations attributable to the ordinary equity holders of the Company | | | |
| Basic loss per share (cents per share) | (2.10) | (6.01) | (0.60) |
| Diluted loss per share (cents per share) | N/A | N/A | N/A |

Note: The above table reflect the Company performances since Regalpoint Resources Limited was successfully listed in 2011.

### *Key Management Personnel Remuneration Policy*

The Board's policy for determining the nature and amount of remuneration of Key Management for the economic entity is as follows:

The remuneration structure for Key Management Personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and Key Management Personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. There is no scheme to provide retirement benefits, other than statutory superannuation.

The Remuneration Committee determines the proportion of fixed and variable compensation for each Key Management Personnel.

### *Non-executive director remuneration policy*

On appointment to the Board, all non-executive directors enter into an agreement with the Company. The letter of appointment summarises the board policies and terms, including remuneration, relevant to the office of director.

Non-executive directors receive a Board fee and fees for chairing or participating on Board committees. The non-executive chairman does not receive additional fees for participating in or chairing committees.

Non-executive directors do not receive retirement allowances.

The non-executive chairman and non-executive directors have chosen to receive their fees by invoicing the Company for their consulting services.

Fees provided to non-executive directors are exclusive of superannuation.

The non-executive directors do not receive performance-based pay.

Fees are reviewed annually by the Board taking into account comparable roles and market data provided by the Board's independent remuneration adviser. The current base fees were reviewed with effect from 1 July 2013.

The following fees have applied:

| | From 01 July 2013 | From 01 July 2011 to 30 June 2013 |
|---|---|---|
| Base fees | | |
| Non-executive chairman | $72,000 | $60,000 |
| Other non-executive directors | $30,000 | $30,000 |

There are no other additional fees paid to Non-Executive Chairman and Non-Executive Directors for participating in Audit Committee, Nomination Committee and Remuneration Committee.

### *Non-executive director shareholding requirement*

To promote further alignment with shareholders, directors are required to achieve a minimum shareholding requirement of 50,000 shares within 3 years of appointment. All current directors comply with this requirement.

Please see the table below for the details of the nature and amount of each major element of remuneration for each Key Management Personnel of the Company during the year:

### *Key Management Personnel Remuneration*

| 2013 Key Management Person | Short-term Benefits | | Post-employment Benefits | Share-based payment | | | | |
|---|---|---|---|---|---|---|---|---|
| | Salary $ | Other Fees $ | Superannuation $ | Equity $ | Options $ | Total $ | Performance Related % | Options Related % |
| ***Directors*** | | | | | | | | |
| Shane Stone (1) | 72,000 | - | - | - | - | 72,000 | - | - |
| Nicholas Burn (2) | 45,276 | - | 4,075 | - | - | 49,351 | - | - |
| Robert Pett | 23,250 | - | 2,093 | - | - | 25,343 | - | - |
| Richard Lockwood | 8,486 | - | - | - | - | 8,486 | - | - |
| Simon Trevisan (3) | - | - | - | - | - | - | - | - |
| Ian Murchison (4) | - | 30,000 | - | - | - | 30,000 | - | - |
| | **149,012** | **30,000** | **6,168** | **-** | **-** | **185,180** | **-** | **-** |
| ***Other Key Management Personnel*** | | | | | | | | |
| Fleur Hudson (3) | - | - | - | - | - | - | - | - |

(1) Mr Stone received Director fees of $72,000 paid to Decket Pty Limited, of which Mr Stone is a Director
(2) Mr Nicholas Burn resigned as Chief Executive Officer of the Company effective from 20 July 2012.
(3) Mr Trevisan and Mrs Hudson have not received remuneration from the Company for the year ended 30 June 2013. Regalpoint Resources Limited has an Agreement with Transcontinental Investments Pty Ltd as disclosed in Note 17 which is a Director related entity (Simon Trevisan and Fleur Hudson) which charged a management and administrative fee for office space, telecommunications, office supplies, accounting support and administration and business support services totalling $240,000 (2011: $240,000) were paid to Transcontinental Investments Pty Ltd, of which Mr Trevisan and Mrs Hudson are Directors and Mr Trevisan is a beneficial shareholder. On and from 1 October 2012 Transcontinental agreed to temporarily and unilaterally accrue 50% of the monthly fee, being $10,000 per month, without charging any interest instead of requiring payment of the full invoice on ordinary terms. At the end of the half year the Company has accrued $90,000 in total.
(4) Mr Murchison received Directors fee of $30,000 paid to Exert Pty Ltd, of which Mr Murchison is a Director.

| 2012 Key Management | Short-term Benefits | | Post-employment Benefits | Share-based payment | | | | |
|---|---|---|---|---|---|---|---|---|
| | Salary $ | Other Fees $ | Superannuation $ | Equity $ | Options $ | Total $ | Performance Related % | Options Related % |
| ***Directors*** | | | | | | | | |
| Shane Stone | 60,000 | - | 5,400 | - | - | 65,400 | - | - |
| Nicholas Burn (1) | 210,000 | - | 18,900 | - | 59,361 | 288,261 | - | 21% |
| Robert Pett | 30,000 | - | 2,700 | - | - | 32,700 | - | - |
| Richard Lockwood | 30,000 | - | - | - | - | 30,000 | - | - |
| Simon Trevisan (2) | - | - | - | - | - | - | - | - |
| Ian Murchison (3) | - | 30,000 | - | - | - | 30,000 | - | - |
| | **330,000** | **30,000** | **27,000** | **-** | **59,361** | **446,361** | **-** | **-** |
| ***Other Key Management Personnel*** | | | | | | | | |
| Fleur Hudson (2) | - | - | - | - | - | - | - | - |

(1) Mr Nicholas Burn resigned as Chief Executive Officer of the Company effective from 20 July 2012.

(2) Mr Trevisan and Mrs Hudson have not received remuneration from the Company for the year ended 30 June 2012. Regalpoint Resources Limited has an Agreement with Transcontinental Investments Pty Ltd as disclosed in Note 17 which is a Director related Entity (Simon Trevisan and Fleur Hudson) which charged a management and administrative fee for office space, telecommunications, office supplies, accounting support and administration and business support services totalling $240,000 (2011: $51,290) were paid to Transcontinental Investments Pty Ltd, of which Mr Trevisan and Mrs Hudson are Directors and beneficial Shareholders.

(3) Mr Murchison received Directors Fee of $30,000 paid to Exert Pty Ltd, of which Mr Murchison is a Director.

### *Service Agreements*

All the Directors have been paid a Directors' fee on a monthly basis. None of the existing Directors have a Service Agreement with the Company.

### *Options issued as part of remuneration for the year ended 30 June 2013*

Options are issued to Directors and Executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to Directors and Executives of Regalpoint Resources Limited to increase goal congruence between Executives, Directors and Shareholders. The fair value of option at grant date is independently determined using a Black Scholes option valuation methodology that takes into account the exercise price.

No options has been issued to Directors and Executives as part of their remuneration

### *Shares issued on exercise of compensation options*

There were no compensation options exercised by Directors or Key Management Personnel during the year ended 30 June 2013.

***This is the end of the Audited Remuneration Report.***

Signed in accordance with a resolution of the Board of Directors.

**Simon Trevisan**
Executive Director
Dated at Perth, Western Australia, this 25th September 2013

# CORPORATE GOVERNANCE

The Board of Directors is responsible for the overall Corporate Governance of the Company and the Entity, and is committed to the principles underpinning best practice in Corporate Governance, applied in a manner that meets ASX standards and best addresses the Directors' accountability to Shareholders.

However, whilst the Company will endeavour to comply with all of the guidelines under the ASX Corporate Governance Recommendations, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the additional expense of compliance with all recommendations. The Board will consider on an ongoing basis its Corporate Governance procedures and whether they are sufficient given the Company's nature of operations and size.

This statement outlines the main Corporate Governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated.

The Company's Corporate Governance policies are available on the Company's website:

http://www.regalpointresources.com.au/company/company-structure

Unless disclosed below, all the best practice recommendations of the ASX Corporate Governance Council have been applied for the entire financial year ended 30 June 2013.

## BOARD COMPOSITION

When determining whether a Non-Executive Director is independent the Director must not fail any of the following materiality thresholds:

(a) less than 10% of Company shares are held by the Director and any Entity or individual directly or indirectly associated with the Director;

(b) is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving of the Board;

(c) has been a material professional adviser or a material consultant to the Company or another Company member within the last three years, or an employee materially associated with the service provided;

(d) no sales are made to or purchases made from any Entity directly or indirectly associated with the Director; and

(e) none of the Directors' income or the income of an individual or Entity directly or indirectly associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the Entity.

The Board currently comprises of two Non-Executive Directors, Hon. Shane L Stone and Mr Ian Murchison, who are both considered independent.

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the Annual Report is detailed in the Directors' Report.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual, experience and achievement, credibility within the Company's scope or activities, intellectual ability to contribute to the Board's duties and ability to undertake Board duties and responsibilities.

# CORPORATE GOVERNANCE

## ROLE OF THE BOARD

The management and control of the business is vested in the Board. The Board's primary responsibility is to oversee the Company's business activities and management for the benefit of Shareholders. The Board strives to create Shareholder value and ensure that Shareholders' funds are safeguarded.

The key responsibilities of the Board include:

(a) setting objectives, goals and strategic direction with Management with a view to maximising Shareholder value;

(b) overseeing the financial position and monitoring the business and affairs of the Company;

(c) establishing Corporate Governance, Ethical, Environmental and Health and Safety standards;

(d) ensuring significant business risks are identified and appropriately managed; and

(e) ensuring the composition of the Board is appropriate, selecting Directors for appointment to the Board and reviewing the performance of the Board and the contributions of individual Directors.

The Board has delegated responsibilities and authorities to Management to enable Management to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits, require Board approval.

## AUDIT AND RISK COMMITTEE

The names and qualifications of those appointed to the Audit and Risk Committee and their attendance at meetings of the Committee are included in the Directors' Report. For further information regarding the Audit and Risk Committee please refer to the Audit and Risk Committee Charter on the Company's website.

## NOMINATION AND REMUNERATION COMMITTEE

The names of all the members of the Nomination and Remuneration Committee are detailed in the Directors' Report.

The amount of remuneration for all Directors and Executives, including all monetary and non-monetary components, are detailed in the Directors' Report under the heading Key Management Personnel Remuneration. Shares given to Executives are valued as the difference between the market price of those shares and the amount paid by the Executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best Executives to run the economic entity. It will also provide Executives with the necessary incentives to work to grow long-term Shareholder value.

For further information regarding the Nomination and Remuneration Committee please refer to the Nomination and Remuneration Committee Charter on the Company's website.

## SHARE TRADING POLICY

With respect to share dealings and disclosures, the Company's Share Trading Policy regarding 'Restricted Persons' (including the Directors, Executives and Employees) dealing in its securities states the following:

(a) consistent with the legal prohibitions on insider trading contained in the *Corporations Act 2001*, all Restricted Persons are prohibited from trading in the Company's securities (and any financial products issued or created over or in respect of the Company's securities) while in possession of unpublished price sensitive information.

(b) Restricted Persons are required to receive clearance from the Board's Share Trading Committee and the Chairman prior to:

   (i) undertaking any transaction in Company securities; or

   (ii) entering into a margin loan facility in relation to their shareholding.

(c) if a Restricted Person is considered to possess unpublished price sensitive information, they will be precluded from making a security transaction until 1 trading day after the time of public release of that information.

(d) as required by the ASX Listing Rules, the Company will notify the ASX of all transactions of securities in the Company conducted by a Director of the Company.

The Company has formally appointed a Share Trading Committee to ensure that the Share Trading Policy is properly followed. At the date of this document, the members of the Share Trading Committee are Hon. Stone, Mr Trevisan and Mr Murchison.

For further information regarding the Share Trading Committee please refer to the Share Trading Committee Charter and the Share Trading Policy on the Company's website.

### DIVERSITY POLICY

In July 2011, the Company adopted a Diversity Policy.

All Executives are responsible for promoting and implementing diversity within the Company. This is supported by the Company's efforts to ensure gender based equity and transparency in the recruitment of Employees and the nomination of Board Members.

For further information please refer to the Diversity Policy on the Company's website.

### INDEPENDENT PROFESSIONAL ADVICE

Each Director has the right to access all relevant Company information, and may seek independent professional advice at the Company's expense, in connection with their duties and responsibilities. The Director must first obtain the prior written approval of a Non-Executive Director, not to be unreasonably withheld, before consulting with an advisor suitably qualified in the relevant field. A copy of the advice received by the Directors must be made available to all other members of the Board.

### COMPLIANCE TO BEST PRACTICE RECOMMENDATIONS

The Board of Directors of Regalpoint Resources Limited is responsible for the Corporate Governance of the Company. The Board guides and monitors the business activities and affairs of the Company on behalf of the Shareholders by whom they are elected and to whom they are accountable. The Company has adopted systems of control and accountability as the basis for the administration of Corporate Governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of Corporate Governance commensurate with the Company's needs.

# CORPORATE GOVERNANCE

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory. However, the Company will be required to provide a statement in its future Annual Reports disclosing the extent to which the Company has followed the Recommendations.

| ITEM | RECOMMENDATION | COMMENT |
|---|---|---|
| **1.** | ***Lay solid foundations for management and oversight*** | |
| 1.1 | Formalise and disclose the functions reserved to the Board and those delegated to Management. | The Company complies with this Recommendation. |
| 1.2 | Companies should disclose the process for evaluating the performance of Senior Executives. | The Board will monitor the performance of Senior Management, including measuring actual performance of Senior Management against planned performance. |
| 1.3 | Companies should provide the information indicated in the *Guide to Reporting on Principle 1*. | Due to the current size of the Company and its activities the Company does not currently comply with Recommendations 1.1 and 1.2. However, as stated, the Board will diligently monitor the performance of Senior Management, including measuring actual performance of Senior Management against planned performance. |
| **2.** | ***Structure the Board to add value*** | |
| 2.1 | A majority of the Board should be independent Directors. | The Board has assessed the independence of the Non-Executive Directors and the Chairman using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1.<br>The Company complies with Recommendations 2.1 and 2.2. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of Management. Furthermore, each individual member of the Board is satisfied that all Directors bring an independent judgement to bear on Board decisions. |
| 2.2 | The Chairperson should be an independent Director. | The Company’s Chairman is The Honourable Shane L Stone. |
| 2.3 | The roles of Chairperson and Executive Directors should not be exercised by the same individual. | The Company’s Executive Director is Mr Simon Trevisan. |
| 2.4 | The Board should establish a Nomination Committee. | The Board has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee is comprised of:<br>• Mr Simon Trevisan (Chair);<br>• Mr Ian Murchison; and<br>• The Honourable Shane L Stone.<br>The Board considers that this composition is appropriate given the current size of the Company. |

| ITEM | RECOMMENDATION | COMMENT |
|---|---|---|
| 2.5 | Companies should disclose the process for evaluating the performance of the Board, its Committees and individual Directors. | The performance of the Board, its Committees and individual Directors will be evaluated in accordance with a performance evaluation process.<br>When appointed to the Board, a new Director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate. |
| 2.6 | Provide the information indicated in *Guide to Reporting on Principle 2.* | Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual Directors and Board Committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties, after consultation with the Managing Director. |
| **3.** | ***Promote ethical and responsible decision-making*** | |
| 3.1 | Establish a Code of Conduct and disclose the Code or a summary as to the Code as to:<br>(a) the practices necessary to maintain confidence in the Company's integrity;<br>(b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and<br>(c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. | The Company complies with this Recommendation. |
| 3.2 | Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them. | The Company adopted a Diversity Policy in July 2011. The Diversity Policy is available publicly on the Company's website. |
| 3.3 | Companies should disclose in each Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the Diversity Policy and progress towards achieving them. | The Company will proactively monitor Company performance in meeting its diversity standards and policies by:<br>(a) the Board establishing, and reviewing on an annual basis, measurable objectives for achieving improvement in the diversity mix of the workforce and particularly gender diversity;<br>(b) recruiting and managing on the basis of an individual's competence and performance;<br>(c) creating a culture that empowers and rewards people to act in accordance with the Policy;<br>(d) appreciating and respecting the unique attributes that each individual brings to the workplace;<br>(e) fostering an inclusive and supportive culture to enable people to develop to their full potential; |

| ITEM | RECOMMENDATION | COMMENT |
| --- | --- | --- |
| | | (f) ensuring we have clear reporting processes in place;<br>(g) promoting diversity through our actions and interactions;<br>(h) taking action to prevent and stop discrimination, bullying and harassment; and<br>(i) actively monitoring recruitment, promotions and turnover and communicating statistics.<br>The Company has not had to recruit or employ anyone during the 2012/2013 financial year but will continue to uphold the Diversity Policy where and when appropriate. |
| 3.4 | Companies should disclose in each Annual Report the proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board. | Mrs Hudson (Company Secretary) is currently the only female Key Management Person; however given the small scale of the Company this represents 20% of the total Key Management Personnel. |
| 3.5 | Provide the information indicated in *Guide to Reporting on Principle 3.* | The Company's Diversity Policy is publicly available on the Company's website. |
| **4.** | ***Safeguard integrity in financial reporting*** | |
| 4.1 | The Board should establish an Audit Committee. | The Board has established an Audit and Risk Committee. The Audit Committee consists of three members being:<br>(a) Mr Ian Murchison (Chair);<br>(b) Mr Simon Trevisan; and<br>(c) The Honourable Shane L Stone. |
| 4.2 | Structure the Audit Committee so that it consists of:<br>(a) only Non-Executive Directors;<br>(b) a majority of independent Directors;<br>(c) an independent Chairperson, who is not Chairperson of the Board; and<br>(d) at least three members. | The Company is at variance with Recommendation 4.2, in that, the Audit and Risk Committee does not consist only of Non-executive Directors. The Board considers that this composition is appropriate given the current size of the Company. Further, the Board considers that the Audit and Risk Committee is of a sufficient size and possesses sufficient technical expertise to discharge its mandate effectively. |
| 4.3 | The Audit Committee should have a formal charter. | The Audit and Risk Committee Charter is publicly available on the Company's website. |

| ITEM | RECOMMENDATION | COMMENT |
|---|---|---|
| 4.4 | Provide the information indicated in *Guide to Reporting on Principle 4.* | The following material is included in the Corporate Governance Statement in the Company's Annual Reports:<br>(a) the names and qualifications of those appointed to the Audit and Risk Committee and their attendance at meetings of the Committee;<br>(b) the number of meetings of the Audit and Risk Committee;<br>(c) explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.<br><br>The following material is publicly available on the Company's website:<br>(a) the Audit and Risk Committee Charter. |
| **5.** | ***Make timely and balanced disclosure*** | |
| 5.1 | Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a Senior Management level for that compliance. | The Company complies with this Recommendation. |
| 5.2 | Provide the information indicated in *Guide to Reporting on Principle 5.* | Due to the current size of the Company and its activities the Company does not currently comply with Recommendation 5.2. However, the Board will diligently monitor activities to ensure disclosure requirements are met. |
| **6.** | ***Respect the rights of Shareholders*** | |
| 6.1 | Design and disclose a communications strategy to promote effective communication with Shareholders and encourage effective participation at general meetings. | The Company complies with this Recommendation.<br>The Company places a high priority on communication with Shareholders and is aware of the obligations it has under the *Corporations Act 2001* and the Listing Rules to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities. |
| 6.2 | Provide the information indicated in *Guide to Reporting on Principle 6.* | The Company complies with this Recommendation. The Company regularly and promptly provides all relevant information on the Company's website pertaining to all announcements made to the market and related information, all notices of meetings, explanatory texts and prospectuses and all financial reports as announced. |
| **7.** | ***Recognise and manage risk*** | |
| 7.1 | The Board or appropriate Board Committee should establish policies on risk oversight and management. | The Company has established an Audit and Risk Committee which is responsible for overseeing and approving Risk Management Strategy and Policies, internal compliance and internal controls. |

| ITEM | RECOMMENDATION | COMMENT |
|---|---|---|
| 7.2 | The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that Management has reported to it as to the effectiveness of the Company's management of its business risks. | The Company's Risk Management Framework is supported by the Board of Directors, Management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's Risk Management Strategy and Policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. |
| 7.3 | The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:<br>(a) the statement given in accordance with Recommendation 4.1 (the integrity of Financial Statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and<br>(b) the Company's Risk Management and Internal Compliance and control system is operating efficiently and effectively in all material respects. | The Company has received this assurance from executive director, Mr Simon Trevisan. |
| 7.4 | Provide the information indicated in *Guide to Reporting on Principle 7.* | The Company will continue to recognise and manage risk in accordance with the methods referred to above and will explain any departures from Recommendations 7.1, 7.2 and/or 7.3 in its future reports if necessary. |
| **8.** | ***Remunerate fairly and responsibly*** | |
| 8.1 | The Board should establish a Remuneration Committee. | The Board has established a Nomination and Remuneration Committee. |
| 8.2 | Structure the Remuneration Committee so that it consists of:<br>(a) a majority of independent Directors;<br>(b) an independent Chairperson; and<br>(c) at least three members. | The Nomination and Remuneration Committee has delegated responsibilities in relation to the Company's remuneration policies which reflect the matters set out in the commentary and guidance for Recommendation 8.1. Further details of the Nomination and Remuneration Committee are set out at point 2.4.<br>The Board considers that this composition is appropriate given the current size of the Company. Further, the Board considers that the Nomination and Remuneration Committee is of a sufficient size and possesses sufficient technical expertise to discharge its mandate effectively. |
| 8.3 | Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executives. | The structure of Non-Executive Directors' remuneration is clearly distinguished from that of Executives. Total remuneration for all Non-Executive Directors is not to exceed $240,000 per annum.<br>Neither the Non-Executive Directors nor the Executives of the Company receive any retirement benefits, other than superannuation. |
| 8.4 | Provide the information indicated in *Guide to Reporting on Principle 8.* | The following material is included in the Corporate Governance Statement in the Company's Annual Reports: |

| ITEM | RECOMMENDATION | COMMENT |
|---|---|---|
| | | (a) the names of the members of the Nomination and Remuneration Committee and their attendance at meetings of the Committee;<br>(b) the existence and terms of any schemes for retirement benefits, other than superannuation, for Non-Executive Directors; and<br>(c) an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4.<br>The Company's Nomination and Remuneration Committee Charter and the Company's Share Trading Policy are publicly available on the Company's website. |

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

25 September 2013

Regalpoint Resources Limited
Board of Directors
Level 14, 191 St Georges Terrace
PERTH, WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF REGALPOINT RESOURCES LIMITED

As lead auditor of Regalpoint Resources Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect Regalpoint Resources Limited.

C Burton

CHRIS BURTON
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **Revenue from continuing operations** | 4 | 86,393 | 191,410 |
| Other Income | | 9,409 | - |
| Accounting expenses | | (40,804) | (43,824) |
| Legal expenses | | (35,125) | (19,673) |
| Corporate and administrative expenses | | (466,861) | (527,295) |
| Depreciation and amortisation expenses | | (4,233) | (5,764) |
| Impairment of exploration expenditure write off | 9 | (928,747) | (3,614,233) |
| Tenements administration expenses | | (2,420) | (8,048) |
| Other expenses from ordinary activities | | (35,531) | (33,896) |
| **LOSS BEFORE INCOME TAX** | | (1,417,919) | (4,061,323) |
| Income tax benefit | 5 | - | - |
| **LOSS FOR THE YEAR** | | **(1,417,919)** | **(4,061,323)** |
| Loss is attributable to: | | | |
| Owners of Regalpoint Resources Limited | | (1,417,919) | (4,061,323) |
| **NET LOSS FOR THE YEAR** | | **(1,417,919)** | **(4,061,323)** |
| Other Comprehensive Income | | - | - |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR** | | **(1,417,919)** | **(4,061,323)** |
| | | | |
| Total comprehensive loss for the year is attributable to | | | |
| Owners of Regalpoint Resources Limited | | (1,417,919) | (4,061,323) |
| **Loss per share for the year attributable to the members of Regalpoint Resources Limited** | | | |
| Basic loss (cents per share) | 18 | (2.10) | (6.01) |

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2013

| | Notes | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 1,071,153 | 1,177,414 |
| Trade and other receivables | 7 | 129,604 | 1,090,935 |
| **TOTAL CURRENT ASSETS** | | 1,200,757 | 2,268,349 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 8 | 536 | 4,769 |
| Exploration and evaluation expenditure | 9 | 1,631,147 | 2,073,306 |
| Prepayment of exploration and evaluation expenditure | 10 | 5,273 | 54,215 |
| **TOTAL NON-CURRENT ASSETS** | | 1,636,956 | 2,132,290 |
| **TOTAL ASSETS** | | 2,837,713 | 4,400,639 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 123,724 | 268,731 |
| **TOTAL CURRENT LIABILITIES** | | 123,724 | 268,731 |
| **TOTAL LIABILITIES** | | 123,724 | 268,731 |
| **NET ASSETS** | | **2,713,989** | **4,131,908** |
| **EQUITY** | | | |
| Contributed Equity | 12 | 9,758,246 | 9,758,246 |
| Reserves | 13 | 59,361 | 59,361 |
| Accumulated Losses | 15 | (7,103,618) | (5,685,699) |
| **TOTAL EQUITY** | | **2,713,989** | **4,131,908** |

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2013

| | Contributed Equity $ | Option Reserve $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|
| **BALANCE AT 01 JULY 2011** | **9,758,246** | **-** | **(1,624,376)** | **8,133,870** |
| (loss) for the year | - | - | (4,061,323) | **(4,061,323)** |
| Total comprehensive income/(loss) | - | - | (4,061,323) | **(4,061,323)** |
| Transactions with equity holders in their capacity as equity holders: | | | | |
| Employee share options | - | 59,361 | - | **59,361** |
| **BALANCE AT 30 JUNE 2012** | **9,758,246** | **59,361** | **(5,685,699)** | **4,131,908** |
| | | | | |
| **BALANCE AT 01 JULY 2012** | **9,758,246** | **59,361** | **(5,685,699)** | **4,131,908** |
| (loss) for the year | - | - | (1,417,919) | **(1,417,919)** |
| Total comprehensive income/(loss) | - | - | (1,417,919) | **(1,417,919)** |
| Transactions with equity holders in their capacity as equity holders: | | | | |
| Employee share options | - | - | - | **-** |
| **BALANCE AT 30 JUNE 2013** | **9,758,246** | **59,361** | **(7,103,618)** | **2,713,989** |

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2013

| | Notes | 2013<br>$ | 2012<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (518,039) | (507,763) |
| Income tax received | | - | - |
| Interest received | | 80,462 | 191,410 |
| **NET CASH FLOWS USED IN OPERATING ACTIVITIES** | 16 | **(437,577)** | **(316,353)** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | - | - |
| Payments for exploration and evaluation expenditure | | (594,345) | (2,299,796) |
| Received/(Payment) for Term Deposit | | 1,035,000 | (1,035,000) |
| Loan to East African Gold Limited | | (109,339) | - |
| **NET CASH FLOWS USED IN INVESTING ACTIVITIES** | | **331,316** | **(3,334,796)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from the issue of share capital (net) | | - | - |
| Proceeds from borrowings | | - | - |
| **NET CASH PROVIDED BY FINANCING ACTIVITIES** | | **-** | **-** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD** | | **(106,261)** | **(3,651,149)** |
| Cash and cash equivalents at beginning of period | | 1,177,414 | 4,828,563 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | 6 | **1,071,153** | **1,177,414** |

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The primary accounting policies adopted in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### (a) General Information

Regalpoint Resources Limited (**Company**) or (**Entity**) is a public Company listed on the Australian Securities Exchange (clicker: RGU), incorporated in Australia and operating in Australia. The financial report of the Company for the financial year ended 30 June 2013 comprises the Company. The address of the Company's registered office is Level 14, 191 St Georges Terrace, Perth WA 6000, Australia. The Company is primarily involved in the exploration of minerals.

The Company advises that in accordance with ASX Listing Rule 4.10.19 during the financial year ended 30 June 2013 it used its cash and assets that are readily convertible to cash in a way that is consistent with its business objectives.

### (b) Basis of Preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Regalpoint Resources Limited is a for profit entity for the purpose of preparing the financial statements.

#### *Compliance with IFRS*

The Financial Statements of the Company also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standard Board (IASB).

The Directors have prepared the financial report on a going concern basis, as there are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities as and when they become due and payable and no additional funding is required.

The Financial Statements were approved by the Board of Directors on 24 September 2013.

#### *New and amended standards adopted by the Company*

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods.

However, amendments made to AASB 101 *Presentation of Financial Statements effective* 1 July 2012 now require the Statement of Comprehensive Income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

In the financial year ended 30 June 2013, all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for Annual Reporting periods beginning on or after 1 July 2012 have been reviewed. It has been determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the operations of the Entity and, therefore, no change is necessary to the accounting policies.

### *Early adoption of standards*

The Company has not elected to apply any pronouncements before their operative date in the Annual Reporting beginning 1 July 2012.

### *Historical cost conventions*

The financial report has been prepared on an accrual basis and is based on historical costs *modified* by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

## (c) Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Financial Statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Financial Statements are outlined below:

### *(i) Significant Accounting Judgements*

### *Exploration Expenditure*

The write-off and carrying forward of exploration acquisition costs is based on an assessment of an area of interest’s viability and/or the existence of economically recoverable reserves. Information may come to light in a later period which results in the asset being written off as it is not considered viable. During the year the Company has impaired (write off) exploration and evaluation expenditure of $928,747 (2012: $3,614,233).

### *(ii) Significant Accounting Estimates and Assumptions*

### *Estimation of Useful Lives of Assets*

The estimation of the useful lives of assets has been based on historical experience. The condition of the assets is assessed at least once per year and considered against the remaining useful life.

## (d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Strategic Steering Committee.

## (e) Income Tax Expenses or Benefit

The income tax expense or benefit (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

### (f) Cash and Cash Equivalents

'Cash and Cash Equivalents' includes cash at bank and in hand, deposits held at call with financial institutions, other short-term highly liquid deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### (g) Trade and Other Receivables

Trade debtors are recognised as the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off against the receivable directly unless a provision for impairment has previously been recognised.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Loans granted are recognised at the amount of consideration given or the cost of services provided to be reimbursed.

### (h) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of GST.

#### *Interest Income*

Interest income is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

### (i) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy. The values are included as a consequence of AASB 101 *Presentation of Financial Statements*.

### (j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

### (k) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Entity. Trade accounts payable are normally settled within 60 days.

### (l) Loans and Borrowings

Loans are recognised at their principal amount, subject to set-off arrangements. Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

### (m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the Taxation Authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### (n) Employee Benefits

#### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the Statement of Financial Position date are recognised in respect of employees' services rendered up to Statement of Financial Position date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. Liabilities for wages and salaries are included as part of Other Payables and liabilities for annual and sick leave are included as part of Employee Benefit Provisions.

#### *Other long-term employee benefit obligations*

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the Statement of Financial Position date using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the Statement of Financial Position date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

***Termination benefits***

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

***Share-based payments***

Share‑based compensation benefits are provided to employees of the Company under Employee Option Plan and an Employee Share Scheme.

The fair value of options granted by the Company under Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non‑vesting conditions but excludes the impact of any service and non‑market performance vesting conditions.

Non‑market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Entity revises its estimates of the number of options that are expected to vest based on the non‑marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### (o) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Exploration and evaluation expenditure encompasses expenditures incurred by the Company in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

Exploration and evaluation expenditure incurred by the Company is accumulated for each area of interest and recorded as an asset if:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

A. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and/or

B. exploration and evaluation 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 areas of interest are continuing.

For each area of interest, expenditure incurred on the exploration of tenements throughout Australia is capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition. A provision for unsuccessful exploration and evaluation is created against each area of interest by means of a charge to the Statement of Profit or Loss and Other Comprehensive Income. The recoverable amount of each area of interest is determined on a bi-annual basis and the provision recorded in respect of that area adjusted so that the net carrying amount does not exceed the recoverable amount.

For areas of interest that are not considered to have any commercial value, or where exploration rights are no longer current, the capitalised amounts are written off against the provision and any remaining amounts are charged against profit. 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.

### (p) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### *Financial Assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

#### *Non-Financial Assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset of the Company that generates cash flows that largely are independent from other assets and companies. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (company of units) on a pro rata basis.

### (q) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

#### *Plant and Equipment*

Plant and equipment are measured on a cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Plant and equipment | 11 - 33% |
| Motor vehicles | 20% |

### (r) Financial Instruments

#### *Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### *Financial Liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

### *Impairment*

At each reporting date, the Entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

## (s) Contributed Equity

Ordinary shares are classified as Equity. Mandatorily redeemable preference shares are classified as Liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## (t) Earnings per share

### *Basic earnings per share*

Basic earnings per share are calculated by dividing:

(i) the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;

(ii) by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

### *Diluted earnings per share*

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

(i) the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

(ii) the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

## (u) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently issued or amended but are not yet effective have not been adopted by the Entity for the year ended 30 June 2013. These are outlined in the table below.

| AASB reference | Title | Summary | Application date of standard | Impact on financial report | Application date for Company |
|---|---|---|---|---|---|
| AASB 9 (issued December 2010) | Financial Instruments<br>[AASB 2009-11] | Amendments to the requirements for classification and measurement of financial assets and financial liabilities. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated.<br>AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income. | Periods beginning on or after 01 January 2015 | Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Entity has not yet made an assessment of the impact of these amendments. | 01 January 2015 |
| AASB 2011-4 | Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements | Amends AASB 124 'Related Party Disclosures' to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs.<br>Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001. | 1 July 2013 | As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements and that adoption is only mandatory for the 30 June 2014 year end | 1 July 2013 |
| AASB 13 (issued September 2011) | Fair Value Measurement | AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the Statement of Financial Position or disclosed in the notes in the Financial Statements.<br>Additional disclosures required for items measured at fair value in the Statement of Financial Position, as well as items merely disclosed at fair value in the notes to the Financial Statements.<br>Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments. | 1 January 2013 | When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values. | 1 July 2013 |

| AASB reference | Title | Summary | Application date of standard | Impact on financial report | Application date for Company |
|---|---|---|---|---|---|
| AASB 119 | Employee Benefits | Employee benefits expected to be settled (as opposed to due to be settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability. | 1 January 2013 | When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2013 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2013, and a corresponding increase in retained earnings at that date. | 1 July 2013 |
| AASB 11 (issued August 2011) | Joint Arrangements | Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). | Annual reporting periods commencing on or after 1 January 2013 | When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Entity has not entered into any joint arrangements. | 1 July 2013 |
| AASB 12 | 'Disclosure of Interests in Other Entities', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards' | Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.<br>In high-level terms, the required disclosures are grouped into the following broad categories:<br>• **Significant judgements and assumptions** - such as how control, joint control, significant influence has been determined<br>• **Interests in subsidiaries** - including details of the structure of the group, risks associated with structured entities, changes in control, and so on<br>• **Interests in joint arrangements and associates** – the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information) | Annual reporting periods commencing on or after 1 January 2013 | When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the Entity has not entered into any joint arrangements. | 1 July 2013 |

| AASB reference | Title | Summary | Application date of standard | Impact on financial report | Application date for Company |
|---|---|---|---|---|---|
| | | • **Interests in unconsolidated structured entities** - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.<br><br>AASB 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required. | | | |
| IFRS | Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) | Provides an exemption from consolidation of subsidiaries under IFRS 10 *'Consolidated Financial Statements'* for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 '*Financial Instruments*' or IAS 39 *'Financial Instruments: Recognition and Measurement'*.<br><br>**(Note: Applicable, on a modified retrospective basis, to annual periods beginning on or after 1 January 2014, a year later than IFRS 10 which is applicable to annual periods beginning on or after 1 January 2013. The amendments can be applied early, and accordingly entities can elect to apply them from when they first apply IFRS 10, avoiding the need for investment entities to consolidate subsidiaries only in the first year of applying IFRS 10)* | Annual reporting periods commencing on or after 1 January 2014 | As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the Financial Statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition. | 1 January 2014 |
| IFRS (issued December 2011) | Mandatory Effective Date of IFRS 9 and Transition Disclosures | Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required. | Annual reporting periods commencing on or after 1 January 2015 | As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the Financial Statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition. | 1 July 2015 |

# NOTES TO THE FINANCIAL STATEMENTS

## 2. FINANCIAL RISK MANAGEMENT

### (a) Overview

The Company has exposure to the following risks from their use of financial instruments:

(i) Credit risk

(ii) Liquidity risk

(iii) Market risk

This Note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital.

Regalpoint Resources Limited's Risk Management Framework is supported by the Board, Management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's Risk Management Strategy and Policy. Management is responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk. The Audit and Risk Committee is responsible for identifying, monitoring and managing significant business risks faced by the Company and considering the effectiveness of its internal control system. Management and the Audit and Risk Committee report to the Board.

The Board has established an overall Risk Management Policy which sets out the Company's system of risk oversight, management of material business risks and internal control.

The Entity holds the following financial instruments.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **FINANCIAL ASSETS** | | |
| Held to maturity investments | - | 1,035,000 |
| Cash and cash equivalents | 1,071,153 | 1,177,414 |
| Trade receivables | 20,265 | 55,935 |
| Other receivables | 109,339 | - |
| | **1,200,757** | **2,268,349** |
| **FINANCIAL LIABILITIES** | | |
| Trade and other payable | 123,724 | 268,731 |
| | **123,724** | **268,731** |

### (b) Financial Risk Management Objectives

The overall financial Risk Management Strategy focuses on the unpredictability of the finance markets and seeks to minimise the potential adverse effects on financial performance and protect future financial security.

## (c) Credit Risk

Credit risk is the risk of financial loss to the Entity if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, deposits with banks, financial institutions and trade and other receivable. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The Entity does not hold any credit derivatives to offset its credit exposure. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Trade receivables** | | |
| *Counterparties without external credit rating* | | |
| Group 1 | 20,265 | 55,935 |
| Group 2 | 109,339 | - |
| | **129,604** | **55,935** |
| **Cash at bank and short-term bank deposits** | | |
| AA | 1,070,000 | 1,170,000 |
| AA | 1,153 | 7,414 |
| | **1,071,153** | **1,177,414** |
| **Held to maturity investments** | | |
| AA | - | 1,035,000 |
| | **-** | **1,035,000** |

Group 1 – new customers (less than 6 months).
Group 2 – new customers (more than 6 months) with no defaults in the past.

### *Exposure to Credit Risk*

The carrying amount of the Entity's financial assets represents the maximum credit exposure. The Entity's maximum exposure to credit risk at the reporting date was:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Cash and cash equivalents | 1,071,153 | 1,177,414 |
| Trade and other receivables | 129,604 | 55,935 |
| Held to maturity investments | - | 1,035,000 |
| | **1,200,757** | **2,268,349** |

### (d) Liquidity Risk

Liquidity risk arises from the financial liabilities of the Entity and the Entity's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

Ultimate responsibility for Liquidity Risk Management rests with the Board of Directors. The Board has determined an appropriate Liquidity Risk Management Framework for the Management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring budgeted and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

| | Carrying Amount $ | Contractual Cash Flows $ | 6 Months or less $ | 6-12 Months $ | 1-2 Years $ | 2-5 Years $ |
|---|---|---|---|---|---|---|
| **2013** | | | | | | |
| Trade and other payables | (123,724) | (123,724) | (123,724) | - | - | - |
| **2012** | | | | | | |
| Trade and other payables | (268,731) | (268,731) | (268,731) | - | - | - |

### (e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and commodity prices that will affect the Entity's income or the 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 return.

#### *Foreign Currency Risk*

The Entity has not been exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies, primarily the Australian dollar (AUD) other than in relation to a loan to East African Gold Limited for USD 100,000.

The Board does not consider the Company or the Entity is materially exposed to changes in foreign exchange rates. As a result, the Entity does not currently seek to mitigate its foreign currency exposures. The Board believes the reporting date risk exposures are representative of the risk exposure inherent in financial instruments.

#### *Interest Rate Risk*

The Entity's exposure to interest rates primarily relates to the Entity's cash and cash equivalents and held to maturity investments. The Entity manages market risk by monitoring levels of exposure to interest rate risk and assessing market forecasts for interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

### *Profile*

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

### *Variable Rate Instruments*

| | 2013 $ | 2012 $ |
|---|---|---|
| Financial Assets | 1,071,153 | 1,177,414 |
| Financial Liabilities | - | - |
| | **1,071,153** | **1,177,414** |

The Entity manages its interest rate risk by monitoring available interest rates while maintaining an overriding position of security whereby the majority of cash and cash equivalents are held in AA-rated bank accounts. The Entity's exposure to interest rate risk and effective weight average interest rate by maturing periods is set out in tables below:

| | Weighted Average Effective Interest Rate | Floating Interest Rate | Fixed Interest Maturing within 1 Year | Non-Interest Bearing | Total |
|---|---|---|---|---|---|
| | 2013 % | 2013 $ | 2013 $ | 2013 $ | 2013 $ |
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 3.00 | 1,071,153 | - | - | 1,071,153 |
| Trade and other receivables | 10.00% | - | 109,339 | 20,265 | 129,604 |
| **Total Financial Assets** | | **1,071,153** | **109,339** | **20,265** | **1,200,757** |
| | | | | | |
| **Financial Liabilities** | | | | | |
| Trade and other payables | - | - | - | 123,724 | 123,724 |
| **Total Financial Liabilities** | **-** | **-** | **-** | **123,724** | **123,724** |

### *Other Market Price Risk*

The Entity is involved in the exploration and development of mining tenements for minerals. Should the Company successfully progress to a producer, revenues associated with mineral sales and the ability to raise funds through equity and debt will have some dependence upon commodity prices

### *Cash Flow Sensitivity Analysis for Variable Rate Instruments*

A change of 100 basis points in interest rates at reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The Board assessed a 100 basis point movement as being reasonably possible based on forward treasury rate projections. This analysis assumes that all other variables remain constant.

A change of 100 basis points in interest rates would have increased or decreased the Entity's profit or loss by $10,711.

| | +1% (100 basis points) | -1% (100 basis points) |
|---|---|---|
| | 2013<br>$ | 2013<br>$ |
| Cash and cash equivalents | 10,711 | (10,711) |
| | 10,711 | (10,711) |

## 3. SEGMENT INFORMATION

Operating segments are reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker ('CODM'), which has been identified by the Company as the Chief Executive Officer and other members of the Board of Directors.

Management has determined that the Entity has only one reportable segment, being mineral exploration in Australia. As the Entity is focused on mineral exploration, the Board monitors the Entity based on actual versus budgeted exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Entity and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

Segment information provided to the Executive Management Committee for the year ended 30 June 2013 is as follows:

| | Segments Australia | Total |
|---|---|---|
| **30 June 2013** | | |
| Revenue from external sources | - | - |
| Reportable segment profit/(loss) | (931,167) | (931,167) |
| Reportable segment assets | 1,636,420 | 1,636,420 |
| **30 June 2012** | | |
| Revenue from external sources | - | - |
| Reportable segment profit/(loss) | (3,622,280) | (3,622,280) |
| Reportable segment assets | 2,127,521 | 2,127,521 |

### (a) Other Segment Information

***Segment Revenue***

There is no segment revenue from external parties reported to the Executive Management Committee.

***Reportable Segment Profit/(Loss)***

The reportable segment expenditure included exploration expenditure write off $928,747 (2012: $3,614,233) and expenditure from the operating segments such as segment insurance $2,420 (2012: $8,047).

***Adjusted Profit/(Loss)***

The measure excludes the effects of equity-settled share-based payments and unrealised gains/(losses) on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company.

**Reconciliation of reportable segment loss to the Statement of Profit or Loss and Other Comprehensive Income**

| | 30 June 2013 | 30 June 2012 |
|---|---|---|
| Reportable segment profit/(loss) | (931,167) | (3,622,280) |
| Other profit/(loss) | | |
| • Interest revenue | 86,393 | 191,410 |
| • Other income | 9,409 | - |
| Unallocated: Corporate expenses | | |
| • Depreciation and amortisation | (4,233) | (5,764) |
| • Corporate and administration | (466,861) | (527,295) |
| • Accounting expenses | (40,804) | (43,824) |
| • Legal expenses | (35,125) | (19,674) |
| • Other expenses | (35,531) | (33,896) |
| • Income tax benefit | - | - |
| Profit/(Loss) after income tax benefit | (1,417,919) | (4,061,323) |

There is no reportable segments' liabilities to be allocated based on the operations of the segment. The reconciliation of segments' assets to total assets and segments' liabilities to total liabilities are referred in the Statement of Financial Position as at 30 June 2013.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. REVENUE

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Interest received from continuing operation | 86,393 | 191,410 |
| Revenue from rendering services | - | - |
| | **86,393** | **191,410** |

## 5. INCOME TAX BENEFIT

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Income tax benefit (R & D Tax Offset) | - | - |
| **Tax Rates** | | |
| The potential tax benefit in respect of tax losses not brought into account has been calculated at 30%. | | |
| **Numerical reconciliation between tax expenses and pre-tax net loss** | | |
| Income tax benefit at the beginning of the year | - | - |
| Loss before income tax expense | (1,417,919) | (4,061,323) |
| Income tax benefit calculated at rates noted above | (425,376) | (1,218,397) |
| Tax effect on amounts which are not tax deductible | 10,432 | 22,825 |
| R & D Tax offset underprovided | - | - |
| Movement in deferred tax asset not bought to account | 414,944 | 1,195,572 |
| Income tax benefit | **-** | **-** |
| **Deferred tax assets not brought to account** | | |
| Unused tax losses | 8,316,977 | 7,238,175 |
| Timing difference | (1,382,267) | (1,759,560) |
| **Tax at 30%** | **2,080,413** | **1,643,585** |

The benefit for tax losses will only be obtained if:

(a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(b) the Company continues to comply with the conditions for deductibility imposed by Law; and no changes in tax legislation adversely affect the ability of the Company to realise these benefits.

## 6. CASH AND CASH EQUIVALENTS

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Cash at bank | 41,153 | 27,414 |
| Short-term bank deposits | 1,030,000 | 1,150,000 |
| | **1,071,153** | **1,177,414** |

### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Balance as above | 1,071,153 | 1,177,414 |
| **Balance per Statement of Cash Flows** | **1,071,153** | **1,177,414** |

### (b) Risk Exposure

The Company's exposure to interest rate risk is discussed in Note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

### (c) Terms of short term bank deposit

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Maturing within 1 to 3 months | 1,030,000 | 1,150,000 |
| | 1,030,000 | 1,150,000 |

## 7. TRADE AND OTHER RECEIVABLES

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **CURRENT** | | |
| Trade debtors | - | - |
| Other debtors[(a)] | 20,265 | 55,935 |
| Income tax receivables | - | - |
| Other receivables[(b)] | 109,339 | 1,035,000 |
| | **129,604** | **1,090,935** |

### (a) Impaired Trade Receivable

There are no impaired trade receivables for the Company in 2013 or 2012.

| Aging of trade receivable | 2013 $ | 2012 $ |
|---|---|---|
| 1 to 3 months | 20,265 | 55,935 |
| 3 to 6 months | - | - |
| | **20,265** | **55,935** |

### (b) Other Receivables

The Company provided East African Gold Limited a loan of USD 100,000 (equivalent to A$ 109,339 as at 30 June 2013) on 21 February 2013 with the interest charged on the loan set at the rate of 10% per annum (2012: The Company had a financial asset in the form of a $1,035,000 – maturing 3 -12 months term deposit with Westpac-St George a AA rated Australian trading bank).

### (c) Foreign Exchange and Interest Rate Risk

Information about the Company's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 2.

### (d) Fair Value and Credit Risk

Due to the short-term nature of the trade receivables the carrying amount is assumed to approximate their fair value. The exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 2 for more information on the Risk Management Policy of the Company and the credit quality of the Entity's trade receivables.

## 8. PROPERTY, PLANT AND EQUIPMENT

| | Plant & Equipment 2013 | Plant & Equipment 2012 |
|---|---|---|
| **Opening Balance** | **4,769** | **10,532** |
| Additions | - | - |
| Disposals | - | - |
| Depreciation for the year | (4,233) | (5,763) |
| **Closing Balance** | **536** | **4,769** |
| **At 30 June 2013** | | |
| At cost | 28,619 | 28,619 |
| Accumulated depreciation | (28,083) | (23,850) |
| Net carrying amount | **536** | **4,769** |

## 9. EXPLORATION AND EVALUATION EXPENDITURE

Exploration and evaluation expenditure carried forward in respect of mining areas of interest:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Exploration, evaluation and development costs carried forward in respect of areas of interest (net of amounts written off) | 1,631,147 | 2,073,306 |
| **Reconciliation** | | |
| Carrying amount at the beginning of the year | 2,073,306 | 3,209,647 |
| Expenditure during the year – exploration | 440,416 | 2,455,369 |
| Reallocation of Exploration Expenditure during the year | 46,172 | 22,523 |
| Exploration Expenditure written off during the year | (928,747) | (3,614,233) |
| Carrying amount at the end of the year | **1,631,147** | **2,073,306** |

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

## 10. PREPAYMENT OF EXPLORATION AND EVALUATION EXPENDITURE

Prepayment of exploration and evaluation expenditure carried forward in respect of mining areas of interest:

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Prepayment of Exploration, evaluation and development costs carried forward in respect of areas of interest (net of amounts written off) | 5,273 | 54,215 |
| **Reconciliation** | | |
| Carrying amount at the beginning of the year | 54,215 | 70,966 |
| Exploration Expenditure during the year under application | 14,600 | 17,753 |
| Reallocation of Exploration Expenditure during the year | (46,172) | (22,523) |
| Prepayment exploration expenditure written off during the year | (17,370) | (11,981) |
| Carrying amount at the end of the year | **5,273** | **54,215** |

## 11. TRADE AND OTHER PAYABLES

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Trade creditors and accruals | 123,724 | 268,731 |
| | **123,724** | **268,731** |

## 12. CONTRIBUTED EQUITY

A reconciliation of the movement in capital for the Entity can be found in the Statement of Changes in Equity.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Opening Balance at the beginning of the year | 9,758,246 | 9,758,246 |
| Movement during the year | - | - |
| **Closing Balance at end of the year** | **9,758,246** | **9,758,246** |

There is no movement of contributed equity during the financial year ended 30 June 2013.

### *Ordinary shares*

The holder of ordinary shares is entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

### *Options*

During or since the end of the year, the Company has options over unissued ordinary shares:

| Class | Expiry Date | Exercise Price | Date Granted | Number of Options |
|---|---|---|---|---|
| Bonus Options | 31 March 2014 | $0.20 | 30 May 2011 | 66,328,948 |

### *Options Expired*

During or since the end of the year, the Company has the following options have been expired over unlisted employee options due to the departure of Mr Burn's (Chief Executive Officer of the Company) effective from 20 July 2012:

| Class | Expiry Date | Exercise Price | Date Granted | Number of Options |
|---|---|---|---|---|
| Employee Options | 20 January 2013 | $0.20 | 01 December 2011 | 700,000 |

### *Capital Management*

When managing capital, the Board's objective is to ensure the Entity continues as a going concern as well as to maintain optimal returns to Shareholders and benefits for other Stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the Entity.

The Board is constantly adjusting the capital structure to take advantage of favorable costs of capital or high return on assets. As the market is constantly changing Management may issue new shares, sell assets to reduce debt or consider payment of dividends to Shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Entity has no formal financing and gearing policy or criteria during the year having regard to the early status of its development and low level of activity. There were no changes in the Entity's approach to capital management during the year. The Entity is not subject to any externally imposed capital requirements.

## 13. RESERVES

### *Option Reserve*

The option reserve is used to record the value of the share based payments provided to employees, consultants and for options issued pursuant to any acquisitions or in exchange for services.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Reserve at the beginning of the year | 59,361 | - |
| Share based payment | - | 59,361 |
| Reserve at the end of the year | **59,361** | **59,361** |

## 14. SHARE BASED PAYMENT

The primary purpose of the Director options is to provide incentive to the participating Directors to drive the Company's assets forward. There are no options issued during the year.

### *Options Expired*

Due to the resignation of Mr Burn's (Chief Executive Officer of the Company) effective from 20 July 2012, the unlisted employee options issued to Mr Burn on 01 December 2011 as per below expired on 20 January 2013.

| Grant Date | Expiry date | Exercise price | Balance at start of the year Number | Granted during the year Number | Exercised during the year Number | Forfeited during the year Number | Balance at end of the year Number | Vested and exercisable at end of the year Number |
|---|---|---|---|---|---|---|---|---|
| **30 June 2013** | | | | | | | | |
| 1/12/2012 | 20/01/2013 | $0.20 | 700,000 | - | - | (700,000) | - | - |
| Weight average exercise price | | | - | - | - | - | - | - |
| **30 June 2012** | | | | | | | | |
| 1/12/2012 | 26/05/2016 | $0.20 | - | 700,000 | - | - | 700,000 | 700,000 |
| Weight average exercise price | | | - | $0.20 | - | - | $0.20 | $0.20 |

Options are granted under the plan for no consideration. Options granted under the plan carry no dividend or voting rights.

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2013 was Nil (30 June 2012 – $0.20).

The weighted average remaining contractual life of share options outstanding at the end of the period was Nil (30 June 2012 – 0.56 years).

Options granted by the Company are not based on performance criteria due to the size, its current stage of activities and its relatively small number of employees.

## 15. ACCUMULATED LOSSES

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Accumulated loss at the beginning of the year | (5,685,699) | (1,624,376) |
| Net profit/(loss) attributable to Shareholders | (1,417,919) | (4,061,323) |
| Accumulated loss at end of the year | **(7,103,618)** | **(5,685,699)** |

## 16. CASH FLOW INFORMATION

Reconciliation of cash flow from operations activities with the loss from continuing operations after income tax.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Non-cash flows in profit from operating activities | | |
| Net (Loss) after Income Tax | (1,417,919) | (4,061,323) |
| Depreciation & Amortisation | 4,232 | 5,764 |
| Employee option expense | - | 59,361 |
| Impairment | 928,747 | 3,614,233 |
| **Changes in assets & liabilities from operating activities** | | |
| (Increase)/Decrease in receivables | 41,600 | 51,184 |
| (Increase)/Decrease in income tax | - | - |
| Increase/(Decrease) in creditor & accruals | 5,763 | 14,428 |
| Cash flow from Operating Activities | **(437,577)** | **(316,353)** |

***Non-cash flows in profit from investing and financing activities***.

There are no non-cash investing and financing activities during the period.

## 17. COMMITTMENTS

The **commitment** expenditure at reporting date is as follows:

### *Administration Services Fees Commitment*

Regalpoint Resources Limited has entered into an agreement between Transcontinental Investments Pty Ltd trading as the Transcontinental Group (**Transcontinental Group**) and the Company dated 14 February 2011. The Company agreed to retain Transcontinental Group to provide administration services to the Company on the terms and conditions set out in the Agreement.

Administration services include all administration and management services and guidance including:

(a) administrative, management, corporate, advisory and other similar services;

(b) management of third party professional and expert services including legal and audit and investment banking, independent technical expert and other services required to conduct an IPO and list on a stock exchange;

(c) head office support services including provision of office space for the Company's executive directors and one other Company appointee;

(d) shared access to Transcontinental Group's office IT and telecommunications equipment and access to third party provided communications systems and support and provision of usual office support services, material and equipment on a shared basis;

(e) company secretarial, administrative support, accounting, payroll business analysis and recruitment and employee administration services; and

(f) other administration services as may be requested from time to time by the Company's Board of Directors and as agreed by Transcontinental Group.

Under the Agreement the Company must pay a monthly fee of $20,000 (plus GST) to Transcontinental Group plus reimbursement for certain costs, expenses and liabilities incurred and/or paid by Transcontinental Group on behalf of the Company.

The initial term of the Agreement is two years from the date the Company is listed on the ASX and thereafter on the same terms unless and until the Agreement is terminated on six months' written notice from either party.

Subject to certain notice requirements, the Agreement may also be terminated in certain circumstances, including material and substantial breach of the Agreement, grave misconduct or willful neglect in the discharge of a party's duties and responsibilities under the Agreement or where one party to the Agreement is placed under administration, a Receiver or Manager is appointed or has an order made for it to be wound up.

On and from 1 October 2012 Transcontinental agreed to temporarily and unilaterally accrue 50% of the monthly fee, being $10,000 per month, without charging any interest instead of requiring payment of the full invoice on ordinary terms. At the end of the year the Company has accrued $90,000 in total.

Simon Trevisan (a Director of the Company) is a Director and Shareholder of the Transcontinental Group.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Not later than one year | 120,000 | 240,000 |
| Later than one year but not later than five years | 120,000 | - |
| Later than five years | - | - |
| **TOTAL** | **240,000** | **240,000** |

### *Tenements Commitment*

The expenditure required to maintain exploration tenements in which the Entity has an interest in.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Not later than one year | 393,250 | 1,170,146 |
| Later than one year but not later than five years | 36,110 | 1,773,913 |
| Later than five years | - | - |
| **TOTAL** | **429,360** | **2,944,059** |

# NOTES TO THE FINANCIAL STATEMENTS

## 18. LOSS PER SHARE

The calculation of basic loss per share at 30 June 2013 was based on the loss attributable to ordinary Shareholders of $1,417,919 (2012: $4,061,323) and a weighted average number of ordinary shares outstanding during the year of 67,605,280 (2012: 67,605,280).

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Basic loss per share | (2.10) | (6.01) |
| **(a) RECONCILIATION OF EARNINGS TO OPERATING LOSS** | | |
| **Loss attributable to ordinary Shareholders** | | |
| Loss after tax | **(1,417,919)** | **(4,061,323)** |
| Loss used in the calculation of EPS | **(1,417,919)** | **(4,061,323)** |
| **(b) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR** | | |
| **Weighted average number of ordinary shares (WANOS)** | | |
| Weighted average number of ordinary shares | **67,605,280** | **67,605,280** |

Diluted loss per share must be calculated where potential ordinary shares on issues are dilutive. As the potential ordinary shares on issue would decrease the loss per share in the current period, they are not considered dilutive and are not shown.

## 19. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the Auditor of the Entity and its related parties.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Remuneration of the Auditor for : | | |
| **BDO Audit (WA) Pty Ltd** | | |
| • Auditing or reviewing the financial report | 31,043 | 31,000 |
| **Balance at the end of year** | **31,043** | **31,000** |

There were no fees paid or payable to related parties to BDO Audit (WA) Pty Ltd

## 20. CONTINGENT LIABILITIES

The Board is not aware of any circumstances or information which leads them to believe there are any material contingent liabilities outstanding as at 30 June 2013.

## 21. RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## NOTES TO THE FINANCIAL STATEMENTS

### *Key Management Personnel*

Disclosures relating to Key Management Personnel are set out in Note 22.

### *Transactions with related parties*

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transaction occurred with related parties for the year ended 30 June 2013.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| **Other transactions** | | |
| Administration Fee to Transcontinental Investments | 240,000 | 240,000 |
| | 240,000 | 240,000 |

The aggregate amount recognised during the year relating to Key Management Personnel and their related parties were as follows.

| Director | Transaction | Transactions Value for the Year Ended 30 June | | Balance Outstanding as at 30 June | |
|---|---|---|---|---|---|
| | | 2013 | 2012 | 2013 | 2012 |
| Simon Trevisan<br>(Director and controlling Shareholder of Transcontinental Investments Pty Ltd) | Administrative fee for office space, telecommunications, office supplies, accounting support and administration and business support services | $240,000 | $240,000 | $90,000 | - |

*Notes in relation to the table of related party transactions.*

A Company associated with Mr Trevisan provides office space, office equipment and supplies and corporate management and administration services in connection with the operations of the Company and amounts are payable on a monthly basis.

Corporate administration services include those services necessary for the proper administration of a small public Company, including:

(a) company secretarial and accounting, corporate governance and reporting and administration support, management of the Company's website, management of third party professional and expert service providers including legal, accounting, tax, audit and investment banking, independent technical expert and other services associated with proper administration of a listed public Company;

(b) operating, marketing, strategic and financial activities required in relation to the Company's Australian mining and exploration projects; and

(c) provision of 'A' grade office space in a central business district office for the Company's main corporate office including use of IT, photocopying and other office equipment and supplies.

The Company must pay a monthly fee of $20,000 (plus GST) to Transcontinental Investments plus reimbursement each month for certain costs, expenses and liabilities incurred and/or paid by Transcontinental Investments on behalf of the Company during the month.

On and from 1 October 2012 Transcontinental agreed to temporarily and unilaterally accrue 50% of the monthly fee, being $10,000 per month, without charging any interest instead of requiring payment of the full invoice on ordinary terms. At the end of the year the Company has accrued $90,000 in total.

## 22. KEY MANAGEMENT PERSONNEL DISCLOSURE

Names and positions held of Key Management Personnel in office at anytime during the financial year are:

### Directors

| | |
|---|---|
| Shane L. Stone | (Non-Executive Chairman) |
| Simon Trevisan | (Executive Director) |
| Ian Murchison | (Non-Executive Director) |
| Robert Pett | (Non-Executive Director – Resigned on 9 April 2013) |
| Richard Lockwood | (Non-Executive Director – Resigned on 12 October 2012) |
| Nicholas Ross Burn | (Chief Executive Officer – Resigned on 20 July 2012) |
| **Other Key Management Personnel** | |
| Fleur Hudson | (Company Secretary) |

### *Key Management Personnel Compensation*

The Key Management Personnel Compensation disclosed below represents an allocation of the Key Personnel's estimated compensation in relation to their services rendered to the Company.

The individual Directors and Executive compensation comprised as at 30 June 2013. The details are contained in the Remuneration Report in the Directors' Report set out on pages 20 to 25.

| **Directors** | **2013 $** | **2012 $** |
|---|---|---|
| Short-term benefits to Directors | 179,012 | 600,000 |
| Share-based payments to Directors | - | 59,361 |
| Post-employment benefits | 6,168 | 27,000 |
| **TOTAL** | 185,180 | 686,361 |

### *Equity instruments disclosure relating to Key Management Personnel*

### *Shareholdings*

Number of shares held by Parent Entity Directors and other Key Management Personnel of the Company, including their personally related parties, are set out below.

| 2013 Name | Balance at the start of the year | Allotment during the year | Received during the year on the exercise of options | Other changes during the year | Balance at the end of the year |
|---|---|---|---|---|---|
| ***Directors of Regalpoint Resources Limited*** | | | | | |
| ***Ordinary Shares*** | | | | | |
| Shane L. Stone[1] | 1,034,207 | - | - | - | 1,034,207 |
| Nicholas Burn [2] | 10,000 | - | - | - | 10,000 |
| Simon Trevisan[3] | 17,207,982 | - | - | - | 17,207,982 |
| Richard Lockwood[4] | 2,668,457 | - | - | - | 2,668,457 |
| Robert Pett[5] | 1,875,717 | - | - | - | 1,875,717 |
| Ian Murchison[6] | 4,539,460 | - | - | - | 4,539,460 |
| ***Other Key Management Personnel of Regalpoint Resources Limited*** | | | | | |
| ***Ordinary Shares*** | | | | | |
| Fleur Hudson[7] | 150,000 | - | - | - | 150,000 |

Note 1: Relevant interest as a beneficiary of S & J Stone Pty Ltd (Stone Family Superannuation Fund).
Note 2: Relevant interest as beneficiary of Rosslee Holdings Pty Ltd (N & P Burn Superannuation Fund a/c). Mr Burn has resigned on 20 July 2012.
Note 3: Relevant interest as Director and controlling Shareholder of Transcontinental Investments Pty Ltd.
Note 4: Indirect interest as beneficial holder of shares held by Nefco Nominee Pty Ltd. Mr Lockwood has resigned on 12 October 2012.
Note 5: Relevant interest as Director and controlling Shareholder of Batterbury Holdings Pty Ltd. Mr Pett has resigned on 9 April 2013.
Note 6: Interest as controlling Shareholder of Tenalga Pty Ltd.
Note 7: 50% of interest under own name and Jeremy Hudson - 50% of indirect interest as a spouse of Fleur Hudson.

| 2012 Name | Balance at the start of the year | Allotment during the year | Received during the year on the exercise of options | Other changes during the year | Balance at the end of the year |
|---|---|---|---|---|---|
| ***Directors of Regalpoint Resources Limited*** | | | | | |
| ***Ordinary Shares*** | | | | | |
| Shane L. Stone[1] | 1,034,207 | - | - | - | 1,034,207 |
| Nicholas Burn [2] | 10,000 | - | - | - | 10,000 |
| Simon Trevisan[3] | 17,207,982 | - | - | - | 17,207,982 |
| Richard Lockwood[4] | 2,668,457 | - | - | - | 2,668,457 |
| Robert Pett[5] | 1,875,717 | - | - | - | 1,875,717 |
| Ian Murchison[6] | 4,539,460 | - | - | - | 4,539,460 |
| ***Other Key Management Personnel of Regalpoint Resources Limited*** | | | | | |
| ***Ordinary Shares*** | | | | | |
| Fleur Hudson[7] | 150,000 | - | - | - | 150,000 |

Note 1: Relevant interest as a beneficiary of S & J Stone Pty Ltd (Stone Family Superannuation Fund).
Note 2: Relevant interest as beneficiary of Rosslee Holdings Pty Ltd (N & P Burn Superannuation Fund a/c). Mr Burn has resigned on 20 July 2012.
Note 3: Relevant interest as Director and controlling Shareholder of Transcontinental Investments Pty Ltd.
Note 4: Indirect interest as beneficial holder of shares held by Nefco Nominee Pty Ltd.
Note 5: Relevant interest as Director and controlling Shareholder of Batterbury Holdings Pty Ltd.
Note 6: Interest as controlling Shareholder of Tenalga Pty Ltd.
Note 7: 50% of interest under own name and Jeremy Hudson – 50% of indirect interest as a spouse of Fleur Hudson.

### *Option Holdings*

The numbers of options over ordinary shares in the Company held during the financial year by each Director of Regalpoint Resources Limited and other Key Management Personnel of the Entity, including their personally related parties, are set out below.

| 2013 Name | Balance at the start of the year | Granted as compen-sation | Exercised | Other changes during the year | Balance at the end of the year | Vested and exercisable | Unvested |
|---|---|---|---|---|---|---|---|
| ***Directors of Regalpoint Resources Limited*** | | | | | | | |
| ***Option Holdings*** | | | | | | | |
| Shane L. Stone[1] | 838,155 | - | - | | 838,155 | 838,155 | - |
| Nicholas Burn[2] | 712,500 | - | - | (700,000) | 12,500 | 12,500 | - |
| Simon Trevisan[3] | 12,905,987 | - | - | - | 12,905,987 | 12,905,987 | - |
| Richard Lockwood[4] | 2,110,093 | - | - | - | 2,110,093 | 2,110,093 | - |
| Robert Pett[5] | 1,406,788 | - | - | | 1,406,788 | 1,406,788 | - |
| Ian Murchison[6] | 3,404,595 | - | - | | 3,404,595 | 3,404,595 | - |
| ***Other Key Management Personnel of Regalpoint Resources Limited*** | | | | | | | |
| ***Option Holdings*** | | | | | | | |
| Fleur Hudson[7] | 187,500 | - | - | - | 187,500 | 187,500 | - |

Note 1: Relevant interest as a beneficiary of S & J Stone Pty Ltd (Stone Family Superannuation Fund).
Note 2: Relevant interest as beneficiary of Rosslee Holdings Pty Ltd (N & P Burn Superannuation Fund a/c). Mr Burn has resigned on 20 July 2012. Consequent to Mr Burn's departure 700,000 unlisted employee options issued to Mr Burn on 01 December 2011 expired on 20 January 2013.
Note 3: Relevant interest as Director and controlling Shareholder of Transcontinental Investments Pty Ltd.
Note 4: Indirect interest as beneficial holder of shares held by Nefco Nominee Pty Ltd. Mr Lockwood has resigned on 12 October 2012.
Note 5: Relevant interest as Director and controlling Shareholder of Batterbury Holdings Pty Ltd. Mr Pett has resigned on 9 April 2013.
Note 6: Interest as controlling Shareholder of Tenalga Pty Ltd.
Note 7: 50% of interest under own name and Jeremy Hudson - 50% of indirect interest as a spouse of Fleur Hudson.

| 2012 Name | Balance at the start of the year | Granted as compen-sation | Exercised | Other changes during the year | Balance at the end of the year | Vested and exercisable | Unvested |
|---|---|---|---|---|---|---|---|
| ***Directors of Regalpoint Resources Limited*** | | | | | | | |
| ***Option Holdings*** | | | | | | | |
| Shane L. Stone[1] | 838,155 | - | - | | 838,155 | 838,155 | - |
| Nicholas Burn[2] | 12,500 | 700,000 | - | - | 712,500 | 712,500 | - |
| Simon Trevisan[3] | 12,905,987 | - | - | - | 12,905,987 | 12,905,987 | - |
| Richard Lockwood[4] | 2,110,093 | - | - | - | 2,110,093 | 2,110,093 | - |
| Robert Pett[5] | 1,406,788 | - | - | | 1,406,788 | 1,406,788 | - |
| Ian Murchison[6] | 3,404,595 | - | - | | 3,404,595 | 3,404,595 | - |
| ***Other Key Management Personnel of Regalpoint Resources Limited*** | | | | | | | |
| ***Option Holdings*** | | | | | | | |
| Fleur Hudson[7] | 187,500 | - | - | - | 187,500 | 187,500 | - |

Note 1: Relevant interest as a beneficiary of S & J Stone Pty Ltd (Stone Family Superannuation Fund).
Note 2: Relevant interest as beneficiary of Rosslee Holdings Pty Ltd (N & P Burn Superannuation Fund a/c). Mr Burn has resigned on 20 July 2012.
Note 3: Relevant interest as Director and controlling Shareholder of Transcontinental Investments Pty Ltd.
Note 4: Indirect interest as beneficial holder of shares held by Nefco Nominee Pty Ltd. Mr Lockwood has resigned on 12 October 2012.
Note 5: Relevant interest as Director and controlling Shareholder of Batterbury Holdings Pty Ltd. Mr Pett has resigned on 9 April 2013.
Note 6: Interest as controlling Shareholder of Tenalga Pty Ltd.
Note 7: 50% of interest under own name and Jeremy Hudson - 50% of indirect interest as a spouse of Fleur Hudson.

### *Other Key Management Personnel Transactions with the Company*

A number of Key Management Personnel or their related parties hold positions in other Entities that result in them having control or significant influence over the financial or operating policies of those Entities. A number of those Entities transacted with the Company during the year. The terms and conditions of those transactions were no more favorable than those available or, which might reasonably be expected to be available, on similar transactions to unrelated Entities on an arm's length basis. See Note 21 for further details.

## 23. EVENTS AFTER REPORTING DATE

There are no subsequent events after reporting date.

## DIRECTORS' DECLARATION

In the opinion of the Directors of Regalpoint Resources Limited:

(a) the Financial Statements and Notes set out on pages 37 to 73 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2013 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and other mandatory professional reporting requirements.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

(c) there are reasonable grounds to believe that Regalpoint Resources Limited will be able to pay its debts as and when they become due and payable; and

(d) the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the Financial Officer for the financial year ended 30 June 2013.

Signed in accordance with a resolution of the Board of Directors.

**Simon Trevisan**
Executive Director
Dated at Perth, Western Australia, this 25th September 2013

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Subiaco, WA 6008
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Australia

# INDEPENDENT AUDITOR'S REPORT
# TO THE MEMBERS OF REGALPOINT RESOURCES LIMITED

## Report on the Financial Report

We have audited the accompanying financial report of Regalpoint Resources Limited, which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company'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 company'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 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Regalpoint Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Regalpoint Resources Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1.

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Regalpoint Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
C Burton

Chris Burton
Director

Perth, Western Australia
Dated this 25th day of September 2013

# ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is as at 20 August 2013.

## (a) Distribution of Equity securities as at 20 August 2013:

| Listed Fully Paid Ordinary Shares | Number of Holders | Number of Shares |
|---|---|---|
| 1 - 1,000 | 6 | 133 |
| 1,001 - 5,000 | 5 | 20,500 |
| 5,001 - 10,000 | 79 | 779,068 |
| 10,001 - 100,000 | 175 | 6,176,510 |
| 100,001 - and over | 53 | 60,629,069 |
| **Total** | **318** | **67,605,280** |

## (b) Top twenty Equity holders at 20 August 2013:

| Listed Fully Paid Ordinary Shares | | Number of Shares | Percentage of Shares |
|---|---|---|---|
| 1 | TRANSCONTINENTAL INVESTMENTS PTY LTD | 17,207,982 | 25.45% |
| 2 | KATANA EQUITY PTY LTD | 7,021,121 | 10.39% |
| 3 | BEDFORD INVESTMENTS PTY LTD | 6,055,551 | 8.96% |
| 4 | TENALGA PTY LTD | 4,539,460 | 6.71% |
| 5 | ELINORA INVESTMENTS PTY LTD | 2,905,000 | 4.30% |
| 6 | CLASSIC CAPITAL PTY LTD | 1,900,000 | 2.81% |
| 7 | BATTERBURY HOLDINGS PTY LTD | 1,875,717 | 2.77% |
| 8 | ANCESTRAL PTY LTD | 1,226,839 | 1.81% |
| 9 | NATIONAL NOMINEES LTD | 1,203,125 | 1.78% |
| 10 | BRAHMA FINANCE BVI LTD | 1,200,000 | 1.78% |
| 11 | NEFCO NOMINEES PTY | 1,107,615 | 1.64% |
| 12 | JASPER HILL RESOURCES PTY LTD | 1,047,500 | 1.55% |
| 13 | MR DENIS IVAN RAKICH | 1,005,673 | 1.49% |
| 14 | S & J STONE PTY LTD | 1,034,207 | 1.53% |
| 15 | ARREDO PTY LTD | 1,000,000 | 1.48% |
| 16 | TALEX INVESTMENTS PTY LTD | 900,000 | 1.33% |
| 17 | FGL ASSET MANAGEMENT LTD | 700,000 | 1.04% |
| 18 | SHERTIM INVESTMENTS PTY LTD | 625,239 | 0.92% |
| 19 | QUEENSLAND M M PTY LTD | 530,500 | 0.78% |
| 20 | MR PHILLIP LEE | 500,000 | 0.74% |
| | | **53,585,529** | **79.26%** |

# ASX ADDITIONAL INFORMATION

## (c) Top twenty Option holders at 22 August 2013:

| Listed Options Holders | | Number of Shares | Percentage of Shares |
|---|---|---|---|
| 1 | TRANSCONTINENTAL INVESTMENTS PTY LTD | 12,905,987 | 19.46% |
| 2 | HSBC CUSTODY NOMINEES AUSTRALIA LTD - A/C 3 | 6,093,750 | 9.19% |
| 3 | BEDFORD INVESTMENTS PTY LTD | 4,776,038 | 7.20% |
| 4 | M & K KORKIDAS PTY LTD | 3,899,687 | 5.88% |
| 5 | TENALGA PTY LTD | 3,404,595 | 5.13% |
| 6 | MR DENIS IVAN RAKICH & MRS FRANCESCA ANGELINA RAKICH | 2,204,255 | 3.32% |
| 7 | HSBC CUSTODY NOMINEES AUSTRALIA LTD | 2,187,500 | 3.30% |
| 8 | NATIONAL NOMINEES LTD | 2,148,437 | 3.24% |
| 9 | BRAHMA FINANCE BVI LTD | 1,500,000 | 2.26% |
| 10 | BATTERBURY HOLDINGS PTY LTD | 1,406,788 | 2.12% |
| 11 | NEFCO NOMINEES PTY LTD | 1,286,961 | 1.94% |
| 12 | ARREDO PTY LTD | 1,250,000 | 1.88% |
| 13 | MR BERNARD MARIE FRANCOIS LE CLEZIO | 1,200,000 | 1.81% |
| 14 | TALEX INVESTMENTS PTY LTD | 1,125,000 | 1.70% |
| 15 | MR BILL RONTZIOKOS & MISS GEORGINA VARDAKAS | 1,000,000 | 1.51% |
| 16 | ANCESTRAL PTY LTD | 951,379 | 1.43% |
| 17 | MR FOTIOS RONTZIOKOS & MRS MARIA RONTZIOKOS | 877,507 | 1.32% |
| 18 | FGL CAPITAL LIMITED | 875,000 | 1.32% |
| 19 | S & J STONE PTY LTD | 838,155 | 1.26% |
| 20 | MR PHILLIP LEE | 625,000 | 0.94% |
| | | **50,556,039** | **76.21%** |

# ASX ADDITIONAL INFORMATION

## (d) Substantial Shareholders

The names of the substantial Shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

| | Number of Shares | Percentage of Ordinary Shares |
|---|---|---|
| Transcontinental Investments Pty Ltd | 17,207,982 | 25.45% |
| Katana Equity Pty Ltd | 7,021,121 | 10.39% |
| Bedford Investments Pty Ltd | 6,055,551 | 8.96% |

## (e) Voting Rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

## SCHEDULE OF MINERAL LICENCE INTERESTS

| State | Lease | Lease Status | Grant Date | Project | Current Percentage of Interest |
|---|---|---|---|---|---|
| **Western Australia Tenements** | | | | | |
| WA | E80/4211 | Granted | 14/12/2009 | King Leopold | 100% |
| WA | E80/4264 | Granted | 1/03/2011 | King Leopold | 100% |
| WA | E80/4311 | Granted | 27/07/2010 | King Leopold | 100% |
| **Queensland Tenements** | | | | | |
| QLD | EPM16980 | Application | | Paroo Range | 0% |
| QLD | EPM16923 | Granted | 18/12/2009 | Paroo Range | 100% |
| **Northern Territory Tenements** | | | | | |
| NT | EL26098 | Application | | Adelaide River | 0% |
| NT | EL26094 | Granted | 6/05/2008 | Rum Jungle | 100% |