

DEVELOPING HIDDEN POTENTIAL

ANNUAL REPORT & ACCOUNTS 2017



Regency Mines plc is a natural resource exploration and development company listed on the Alternative Investment Market of the London Stock Exchange. The Company manages a balanced portfolio of mineral and oil and gas projects and investments at different stages of development.

Where we operate

We are active in multiple international locations including the United Kingdom, Papua New Guinea, the United States and Greenland.



RED ROCK RESOURCES plc

A diversified natural resource development company with interests in manganese and ferrosilicon production, oil exploration and gold exploration and production.

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MOTZFELDT

One of the world's largest undeveloped Niobium-Tantalum deposits with additional Rare Earth credits. Regency owns 100% of licence area 2014/01 covering 555km² in Narsarsuaq in Southern Greenland.

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US coal assets

Regency owns 20% of the Rosa coal mine in Blount County, Alabama, and has a 20% stake in Vali Carbon Corporation, an entity created to develop metallurgical coal assets in the United States.



CURZON

Regency has a 8.91% stake in Curzon Energy plc, an oil and gas development company (LDN:CZN) controlling two leases with five coal bed methane wells (two to be drilled) near Coos Bay, Oregon in the United States. Multiple development phases of these assets are planned.

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► PROJECT OVERVIEW p06



Our vision

Regency Mines seeks to develop a substantial and profitable natural resource enterprise with diverse revenue streams and significant potential for capital growth and share price appreciation.

2017 Highlights

£113,350
Revenue

£3.59m
Investments in JVs and Associates

8.91%
Stake in Curzon Energy plc
(LDN:CZN) Oil and Gas Developer

STRATEGIC REPORT

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CHAIRMAN'S REVIEW



“ Our base metal interests can now be seen to be entirely composed of the cathode materials that are key for the new green car and energy storage revolution that is under way. ”

Andrew Bell
Chairman and CEO

Dear Shareholders,

Overview

The world looks quite different now from the way it looked a year ago. Then we were looking back at a calendar year that had seen the final sell-off of a commodity bear market and an ensuing sharp recovery. Sentiment was still fragile, and many investors were unsure whether the recovery would last or whether the Chinese economy might suffer a slowdown or a financial crisis. Now, we have the prospect of a broad-based recovery, with global growth rising from 3% in 2016 to 3.6% in 2017 and 3.7% in 2018, global trade accelerating, and inflation worldwide trending below expectations. Encouraging aspects of this picture are the broadening of growth to include most regions, with stable growth in China, a synchronised recovery in Japan, Europe and Russia, and strong growth in Asian and emerging European economies.

The oil price and those of other industrial commodities have broadly advanced, although the current levels still seem modest compared with those of the boom years.

Developments during 2016-2017

Regency began its 2016-17 financial year with a share price of 0.35 pence, and ended it 63% higher at 0.57 pence. It began the year with a market value of £883,000 and ended it 272% higher at £3,286,000. It began the year just holding on to its stake in its Mambare nickel/cobalt project without being able to raise money for or justify exploration in a still unfavourable price environment for nickel. In a search for potential cash flow-generating businesses it had acquired a 5% stake in UK onshore oil explorer Horse Hill Developments Ltd, and made a £175,000 pre-IPO investment in US coal bed methane developer, Curzon Energy plc.

During the year there was news flow in relation to Horse Hill, and a small residual Australian investment was disposed of for A\$100,000. As coal prices rose and later in the year a new US President committed to allowing the coal industry to survive took office, an investment was made in metallurgical coal projects in the Appalachian belt of the United States. These US investments in coal have taken longer to mature than hoped, however the fundamental investment case for metallurgical coal remains a strong one.

We ended the year with a clearer identity, holding coal, coal bed methane and oil interests, where prices were rising, on the one hand and our historic industrial metal interests in nickel and cobalt interests, where we still had to wait for real price recovery, on the other. We already knew that our Horse Hill interest was non-core due to our lack of influence or control over the asset's development, and that there was strong interest from potential buyers, and we planned to and in fact invested these proceeds in our hydrocarbon division, ultimately into Curzon Energy.

Although we had a strong belief in the importance of our lateritic nickel/cobalt deposit at Mambare in Papua New Guinea, having drilled out a major Resource there at the beginning of the decade, we had no idea when the nickel price would follow manganese, coal and selected other commodities and show a significant rise. We therefore were keeping expenditure on our licences to a minimum. Nickel had been the first metal to see its price rise on the China boom in the early 2000s, but had also been the earliest to fall. The nickel price has often been volatile, and has sometimes followed a different course from other metals. Two thirds of use is in stainless steel, demand for which has grown at about 6% p.a. historically, and it appears to be reverting towards this rate after several years of slower growth and oversupply.

£1.3m

Proceeds from partial disposal
of interest in Horse Hill

£400,000

Further investment into
Curzon Energy Plc at IPO

£1.9m

Funds raised in 2016-17
financial year

Subsequent developments

Since the end of our reporting year, which runs to 30 June 2017, the nickel price has shown growing strength. Cobalt, which accounts for a significant percentage of our potential revenues from any development of Mambare, had already risen in price since the beginning of 2016, and in the last few months this EV battery cathode material has followed lithium, the main anode material, in seeing increasing investor attention as analysts focus on the demand impact of growing EV battery use as the electric car industry accelerates. Some EV batteries use five times as much nickel as cobalt in the cathodes, and projections of nickel demand for this use mean that nickel, with only 2.25m tons of worldwide primary production in 2016, will be the next metal market to be significantly impacted by this new demand source.

These price rises however, though significant and possibly only at an early stage, are not what interest us principally at Mambare. What matters most for a huge Resource like ours, which is itself derived from only the small part of the deposit target already drilled, is that the growth in demand should be there. For it is that which will ensure the willingness of investors, industry partners and banks to finance major new sources of supply such as ours. Now that the focus has just begun to switch to nickel, our cobalt/nickel deposit becomes once again, after several years, an asset which we can advance and actively take steps to develop and promote.

In July 2017, shortly after the year end we announced the sale of 1.9% out of our 5% shareholding in Horse Hill Developments Ltd ("Horse Hill"). Of the £323,000 consideration, we took £268,502 in the form of listed shares which we were able to sell within two months for aggregate proceeds of £1,297,700. In October 2017 we agreed to sell the balance of 3.1% of Horse Hill for £630,000, and we expect this transaction to complete shortly.

In September 2017 we paid down \$350,000 of current liabilities and added £400,000 to our existing £175,000 investment in coal bed methane developer Curzon Energy plc as it listed its shares on the London Stock Exchange. The initial report regarding operational progress on the existing wells at Curzon's assets in Oregon is expected in the near term.

We continue to take steps to advance and rationalise our interests and involvement in metallurgical coal in the US, where prices remain attractive and where we expect to introduce further developments, the first of which, recently announced, is the option to buy out our partners at the Rosa Coal Mine in Alabama.

Discussion of the Results

Losses reported for the year to 30 June 2017 fell from £1,965,722 to £534,267. This was the result primarily of a reduction in impairments taken against exploration assets, where the only impairment this year was an exploration tenement in Queensland,

but also reflected a reduction in other losses and in administrative expenses and an increase in revenues.

The sales made since year end of Horse Hill Developments Ltd shares lead us to expect a move back into profit in the current year.

It was the knowledge that our available for sale financial assets, which ended the year at £1,443,707, were reasonably liquid, and the expectation that we would shortly sell part or all of our Horse Hill holding to one buyer or another, that allowed us to expand our current liabilities to considerably in excess of current assets by restructuring and increasing our short term liabilities through a \$1m convertible loan in April, of which \$750k remains outstanding.

Total shareholders' equity rose by 41.8% from £3,694,838 to £5,238,265. This largely resulted from equity fundraising during the year. We began the year raising money at 0.4 pence per share, but by May 2017 were raising new money at 0.9 pence a share. The higher share price later in the year meant that the equity funding total included some £310,000 from the exercise of warrants; a clear demonstration of our investors looking to follow up on their initial investments.

The Company's larger balance sheet, greater spread of assets and higher market value, created over the course of the year the critical mass needed to support a listing and ensure the long-term viability of the business, while laying the foundation for internally generated growth.

CHAIRMAN'S REVIEW

CONTINUED

Business Overview

Strategic Focus

Regency Mines plc seeks to build a large-scale natural resource enterprise with multiple revenue streams and potential for outsized returns for investors.

Our Strategy

Regency Mines plc follows a long-term corporate strategy designed to create and realise value for shareholders throughout all phases of the commodity cycle. Regency employs its financial and technical skills to identify and develop natural resource projects and investments with attractive risk weighted return profiles. These may include early stage exploration projects with higher risk and larger upside as well as more mature and conservative investments with near-term cash flow potential.

Our Strategic Priorities

The Company targets investments and projects that meet its strict criteria across the spectrum of natural resources. While traditionally focussed on longer term and earlier stage mineral exploration assets Regency has diversified into mining and oil and gas assets with shorter timeframes and the potential for both dividends and short to mid-term monetisation. Regency always considers potential exit opportunities whether they be asset disposals, JVs or trade sales.



Our Business Activities

Investments

Focus on cash generative assets and scalable risk adjusted returns



Oil and Gas

Coal bed methane in the United States – additional oil assets under consideration



Mining

Metallurgical coal in the United States – nickel-cobalt in PNG and niobium/tantalum in Greenland



Transactions

Value creation through joint ventures and strategic disposals – Horse Hill in 2017



Financial Overview

The financial activities of the Company have been focussed on increasing access to diverse sources of capital during the natural resource recovery, lowering the Company's overall cost of capital for both new and existing projects, reducing expenditure and continuing to lower corporate overheads.

During the year to 30 June 2017, £1.9m of new equity was raised and corporate debt increased to £758k.

Key Performance Indicators

As the Company is traditionally a pure exploration business with no production or proven reserves, the Directors take the view that KPIs would not provide materially useful information to investors at this time. As the business develops further, the addition of KPIs will be considered and added as appropriate.

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Strategy in Action

Curzon Energy plc USA

When Regency was first introduced to the Curzon (ex-Westport) team and began to take a deeper look at the opportunity it immediately became clear that it ticked many of the Company's target boxes.

Curzon offers an oil and gas development opportunity with a substantial historic spend (upwards of USD35m), five wells already drilled, a major regional pipeline crossing the property, and most of the infrastructure in place to move to first gas within six months. All of this coupled with 16 years of historic price premiums to Henry Hub in the region.

In backing Curzon, Regency has invested in a top notch management team, one with the deep technical and operational experience needed to bring these assets into production quickly and efficiently. Regency is to receive a board seat and will have both situational awareness and a voice in how the company and assets are developed.

All told, Curzon is an excellent example of the flexibility of the Regency development strategy, allowing the Company to take meaningful stakes in liquid investments with near-term production and revenues. Investments such as Curzon offer diversity to the Regency portfolio and complement the Company's longer term and earlier stage opportunities.

www.curzonenergy.com

► CURZON p8



www.curzonenergy.com

Prospects

The last few months, which are the first few months of the current financial year, have seen the Company able to realise profits from its portfolio of interests by the sale of interests in Horse Hill, and as a result both strengthen its balance sheet and increase its significant investment in Curzon Energy plc to 8.91%. Gas prices and demand in the US are likely to continue their advance as a greener and less polluting form of energy as the essential distribution infrastructure is installed and Curzon operates in a regional market where gas has long sold at a premium price. Further proceeds are expected from Horse Hill, and these should enable the Company to increase its metallurgical coal footprint as well as continue to pay down short-term borrowings.

The improvement in cobalt and nickel prices, and the developing EV, home and industrial battery story, where the structure and scale of demand for the different metals is becoming clearer, mean that Regency finds itself now in an enviable position. It has through difficult times held on to what is now a 50% interest in one of the potentially major assets in a fast-moving area of the mineral sector. This is a strength we can build on. We expect interest in battery metals to increase, and have announced the setting up of a separate division to develop our interests in the technologies and services that will serve the electric car and battery sectors more generally.

We look forward to an exciting year. With early profits banked from Horse Hill sales, it looks to be a profitable one. We will remain active in the development of our old energy, or hydrocarbon, interests, and our base metal interests can now be seen to be entirely composed of the cathode materials that are key for the new green car and energy storage revolution that is under way. This offers us access to the investment and development opportunities that will drive industry and metals demand for the foreseeable future to the clear benefit of our stakeholders. As always, we thank you for your support during the past year, we maintain our sharp focus on the creation of meaningful value for our investors and shareholders.

Andrew Bell
Chairman and CEO
27 November 2017



OIL & GAS EXPLORATION AND DEVELOPMENT

Regency Mines plc is currently invested in coal bed methane through Curzon Energy in the United States and additional cash generative oil and gas opportunities created by the sector downturn remain under consideration.

Regency has for the past several years begun to diversify its project and investment portfolio to include exposure to oil and gas projects and investments. While the oil and gas sector has declined alongside the mining sector, there are a number of advantages that oil and gas assets offer as part of Regency's portfolio. The most important of these is the potential for near immediate cash flow generation from taking wellbore interests in actively producing fields, which contrasts and supplements the longer development cycles of the mining industry.

With Curzon Energy, Regency owns a significant investment soon to have five natural gas wells in production with two additional wells following closely behind and first gas expected within six months. Pending the success of these initial seven wells, Curzon is developing a build-out plan of over 400 wells, demonstrating that this investment meets Regency's criteria for scale, upside and near-term cash flows.

8.91%

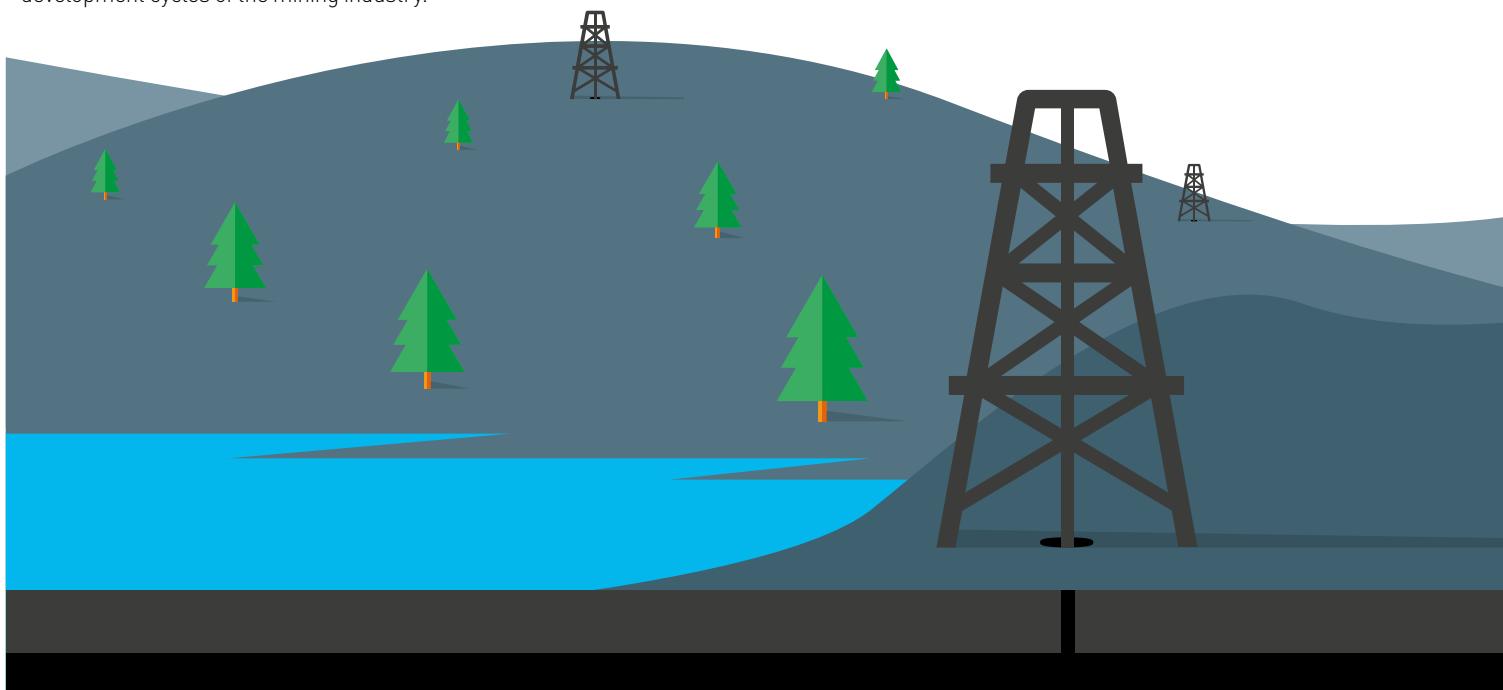
Stake in Curzon Energy plc

£7.62m

Current valuation
of Curzon Energy plc

400+

Phase III well sites identified for
build-out for Curzon Energy plc



Coal Bed Methane

Coal bed methane ("CBM") is a subset of the overall natural gas market falling into the category of an unconventional reservoir. Unlike conventional deposits with CBM, the coal is both the reservoir and the source rock for methane gas. CBM projects have coal seams permeated by methane (CH_4), where the gas clings to the coal on pore surfaces in quantities 6–7x greater than in conventional reservoirs. CBM overall makes up approximately 5% of US natural gas production.

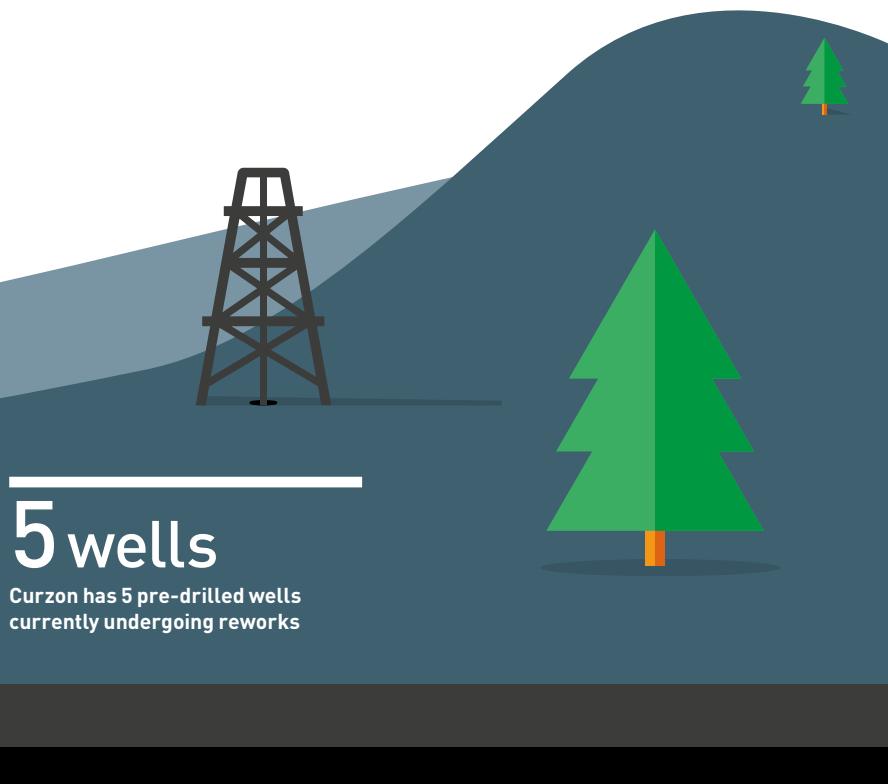
The history of CBM is quite interesting in that methane has been throughout the history of coal development the "miner's curse", a very dangerous by-product of coal mining that in quantities of as low as 4–15% by volume could in an instant start an explosion. US records show over 8,000+ deaths from recorded methane related accidents, and the threat of methane only began to be successfully mitigated by the 1970s.

Following years of development CBM now looks to be a commercial success story and one that should only increase in importance as natural gas continues its rise in the US and abroad. With natural gas only growing in favour, CBM as a key subset of this development looks to continue to become an environmentally favoured component of US and international energy supplies.



5%

Coal bed methane's share of US natural gas production annually



Natural Gas

Long considered the fossil "fuel of the future" as coined by Daniel Yergin in his book The Quest, natural gas is poised to provide the ideal cost-effective bridge between traditional fossil fuels and the time when the economics of renewable energy become truly attractive. Given that nearly all renewable energy sources are "intermittent" and can be prone to outages, natural gas is well placed to step in and provide baseline power in significant quantities.

Natural gas has many attractive attributes including that it is clean, relatively low-carbon and capable of being liquefied for transport worldwide. In the United States, natural gas is expected to continue to be the foundation for many new power plant projects since they can be built more quickly and operated more cleanly than can coal projects. These changes may ultimately mean that energy intensive industries can remain in the United States rather than being forced to seek cheaper locations abroad. With companies like Tesla looking to lead a shift from a reliance on petroleum for most transportation needs to a reliance on electricity with the power generation happening at the power plant, natural gas markets are set to benefit from this important shift.

34%

Natural gas contribution to US electricity generation in 2016

OIL & GAS EXPLORATION AND DEVELOPMENT

CONTINUED



Curzon Energy plc USA

Regency holds 8.91% of Curzon Energy – coal bed methane assets in USA

Curzon listed on Standard List of the London Stock Exchange in 2017

Over \$35m invested in the project historically; market cap of ~£8m

645 bcf gas in place – 273 bcf of 2C contingent resource recoverable

Phase 1: drill 2 x new wells, install gas compression facility and re-enter and refurbish 5 x existing wells

Appraisal programme to confirm project commerciality – goal is free cash flow of \$24m within 5 years

Gas from project receives a long-term premium to US Henry Hub



12in Buried Pipeline Crosses the Property

Curzon Energy is a UK based company that completed its IPO in September 2017 and is currently executing its Phase I investment plans at its Coos Bay, Oregon, coal bed methane project. Curzon's assets include five existing methane gas wells and two leases, covering 50,000 acres. With over \$35m spent on the project historically, Curzon is expecting to be in production by early 2018. Meanwhile it remains open to additional opportunities as it seeks to build a mid-tier oil and gas company in London.

Curzon plans to carry out a phased development programme with an initial phase designed to test basic commerciality and including two new wells, the installation of a gas compression facility and the re-entry and refurbishment of the five existing wells. Following this initial programme, an expanded plan with 58 new wells would be implemented across the property with an additional 200 well sites expected to be available for development. Typical wells are expected to cost approximately \$320k and will be drilled to a depth of 2,500ft targeting up to 5-10 coal zones in both the Upper and Lower Coaledo. Local well tests indicate that 100mscf per day would be a reasonable average flow rate and a mid-case estimate indicates 500mmscf per well ultimate recovery.

Curzon believes the potential exists for free cash flow of \$24m within five years with first gas in less than six months and monthly revenues of \$250k. The project intends to take advantage of the Coos Bay gas pipeline, a 12 in line that crosses the property and which is available for immediate hook-up. Gas sold into this pipeline has a 16-year track record of premium pricing to US Henry Hub, currently receiving a \$2 per mscf premium. With natural gas widely considered to be a key fuel in the future US and world energy mix, Curzon appears well positioned for success.

6 months

From IPO to first gas



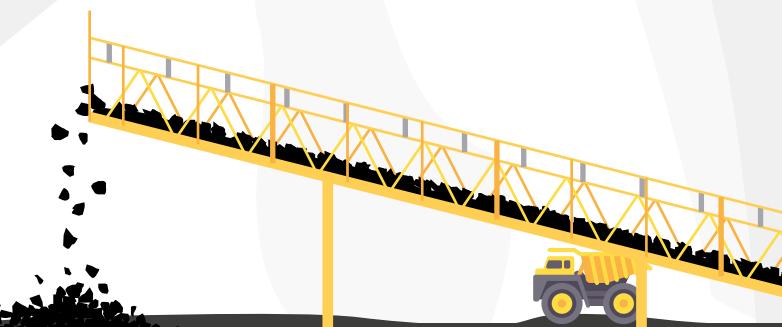
5 Wells Already in Place



MINERAL EXPLORATION AND DEVELOPMENT



Regency Mines plc has a long history of mineral exploration and development activities and investments. Currently, the Company has several mineral and mining interests; a large-scale nickel-cobalt JORC resource at Mambare in Papua New Guinea, a significant niobium and tantalum JORC resource in Southern Greenland, and interests in metallurgical coal in the United States.



Metallurgical Coal

Coal is a naturally occurring sedimentary rock formed over millions of years as plants and other organic material are buried and subjected to geological forces. This heat and pressure causes physical and chemical changes that result in carbon rich coal which can be mined at surface and underground. Metallurgical ("Met") coal or coking coal is a grade of low-ash, low-sulphur and low phosphorus coal that may be used to produce coke. Coke is an essential ingredient in the production of steel using blast furnaces, which accounted for over 70% of the world's steel production in 2016.

The major types of met coal produced globally include hard coking coals, semi soft coking coal, and pulverised coal. Hard coking coals such as anthracite have the best coking properties and as such command higher prices. Hard coking coal currently has no substitutes and must be used in the production of steel by the blast furnace method. Furthermore, the physical properties of individual hard coking coal seams have a significant impact on their suitability and value in use for blast furnace steel production. In particular, hard coking coal that exhibits low volatile matter and limited swell is required for blending with

coal containing less desirable qualities, and coke makers today often blend up to 20 different coals in order to offer steelmakers the required product.

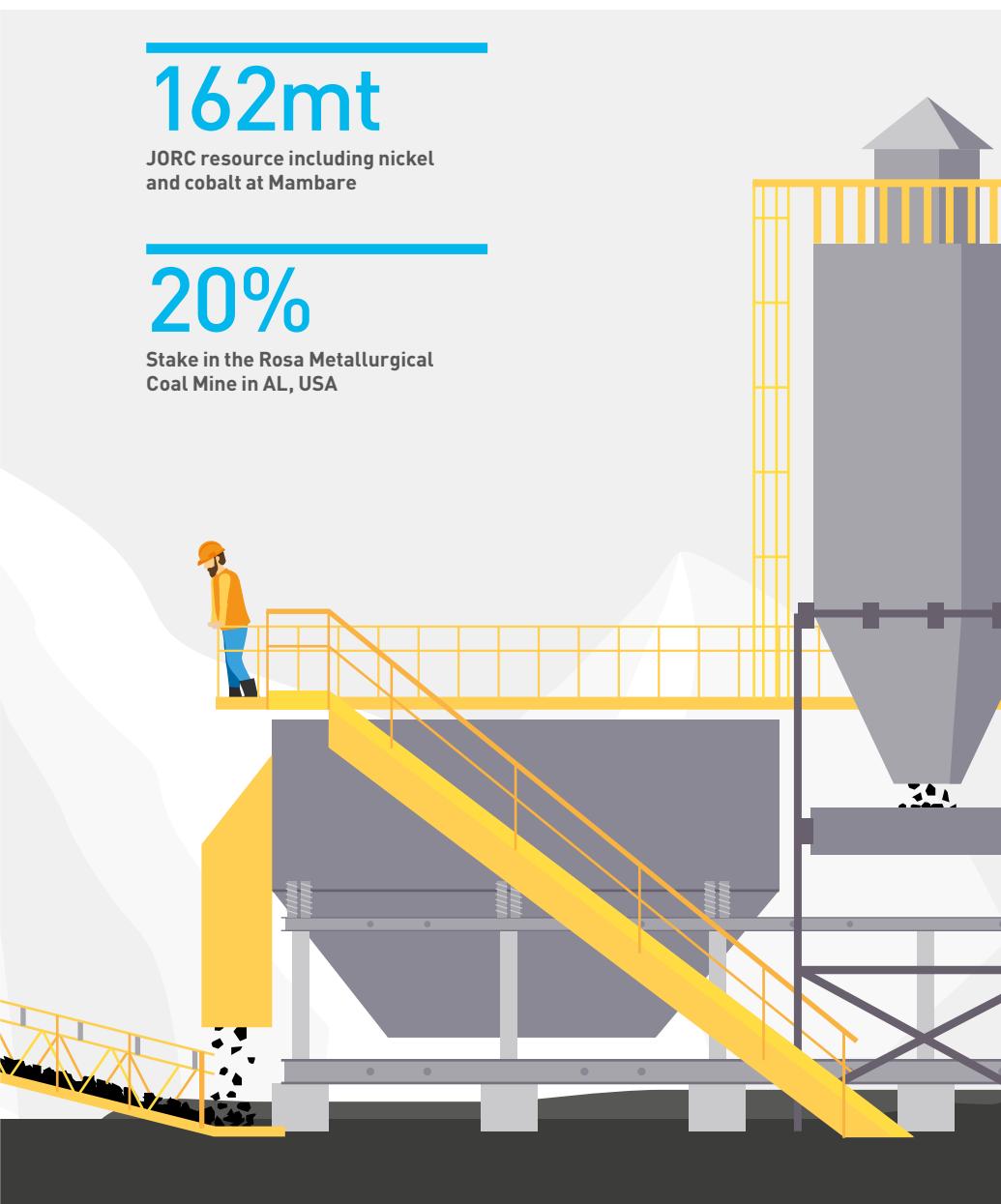
The United States is an important met coal supplier to the seaborne export market, and is the second largest supplier behind Australia. For 2016, Wood Mackenzie estimates these two countries were responsible for 11.7% and 66.6% of global seaborne met coal exports, respectively. Over the last several years, significant oversupply in the market depressed prices, resulting in mine closures and production

162mt

JORC resource including nickel and cobalt at Mambare

20%

Stake in the Rosa Metallurgical Coal Mine in AL, USA



curtailments. The United States, with a relatively larger number of high-cost mines, experienced significant contraction in met coal production, from 82.9 million metric tons of production in 2012 to an expected 54.8 million metric tons in 2016, a 33.9% reduction.

Met coal prices have been highly volatile in the last decade due to seaborne supply disruptions, and more recently Chinese restrictions on domestic coal production. In 2008, benchmark coking coal prices reached \$298 per metric ton in response to flooding in Australia's producing regions,

falling to \$129 per metric ton in 2009. In 2011, benchmark prices reached \$330 per metric ton following additional flooding, falling back to \$81 per metric ton five years later in early 2016, before peaking again in early 2017 at \$300 per ton following further weather disruptions.

Nickel

After several years of relative price weakness 2017 has started to show the first signs of improvement in the nickel market. The nickel market's supply and demand balance has trended favourably of late, and the market may now need 400-500kt of additional annual supply to meet expected demand by 2021. This number could be expected to rise significantly if current forecasts for battery production are accurate and associated nickel demand begins to meet expectations, and will be further bolstered by demand from ongoing urbanisation in China and India.

The extended downturn in the nickel markets has meant that very few new sources of supply have come onstream in recent years and most current mines have either been flat or seen declining production. Persistently low nickel prices have deterred further investment, which has resulted in the six largest sulphide operations reducing production, and seeing their percentage of overall supply fall from over 40% to under 25% in the past ten years amidst ongoing uncertainty in current laterite and HPAL projects. Sulphide projects, which remain the most attractive sources of nickel production, have few meaningful projects in the pipeline, pushing additional pressure on laterite and HPAL projects to meet growing demand. Simultaneously, Chinese supply of nickel pig iron has flattened out as cost pressures and lower average ore grades take their toll.

An additional consideration is that most potential future supplies of nickel are largely concentrated in countries with higher political risk, such as Indonesia and the Philippines, as opposed to traditional sources such as Australia, Canada and Russia, and recent adverse developments in these places have created significant uncertainties around future new supplies. Ongoing uncertainties in Indonesia in particular have created real questions around one of the largest sources of potential nickel supply, although while the 2017 relaxation of the Indonesian nickel export ban has likely hurt the market in the short term, the mid to longer term situation for nickel looks better than it has in some years.

MINERAL EXPLORATION

CONTINUED



Mambare Papua New Guinea



Landscape in Papua New Guinea

Key facts

Nickel-cobalt laterite deposit in eastern Papua New Guinea

50/50 Oro Nickel joint venture with Direct Nickel Ltd (DNI) together holds EL1390 covering 256 square kilometres near Kokoda

Oro Nickel is licensed to use Direct Nickel's Process – a hydrometallurgical process for extracting nickel from laterite deposits

JORC resource of 162.5 million tonnes @ 0.94% Ni and 0.09% Co (1.53 million tonnes of nickel)

**1.53m
tonnes**

Contained nickel metal

256 sq km

Total licence area of EL1390

Location and Geology

The Mambare project is located in the Oro province in Papua New Guinea, 100km north-east of Port Moresby near the Kokoda village. The weathered ultramafic bedrock has formed significant layers of nickel and cobalt bearing lateritic and saprolitic material which is overlain by volcanic ash up to 6m thick.

Activity

Initial work at Mambare dates to the 1960s however the majority of activity has been accomplished since 1999 by several entities. Regency formed a joint venture with Direct Nickel Ltd. ("DNI") in 2009 to combine DNI's expertise in processing technology with the large optimal deposit at Mambare. In 2010-11 over 4,000m of diamond drilling was accomplished comprising 220 holes. This resulted in a maiden JORC resource of 162.5m tonnes grading 0.94% Ni and 0.09% cobalt. This implies contained 1.53m tonnes of contained nickel and exceeded initial drilling targets by over 3x. The joint venture partners were encouraged by the continuity of mineralisation which demonstrated that it consistently blanketed the underlying ultramafic bedrock when not eroded by local drainage. That same bedrock extends across the entire tenement area.

Potential

With less than 3% of Mambare's 80 square kilometres main target (plateau) tested by drill to date, the project potentially holds one of the world's largest nickel laterite deposits. Licensed to apply Direct Nickel's revolutionary nickel laterite treatment process up to 40k tonnes per annum, the pairing of massive scale and low-cost processing makes a highly compelling value proposition.

Following the downturn in the mining sector, Direct Nickel has restructured and recapitalised their business with a renewed focus on applying their technology to deposits such as Mambare. The joint venture partners continue to explore options to take the project forward through to bankable feasibility study while maintaining discussions concerning bringing in third party investors.

162.5mt

JORC resource of 162.5 million tonnes @ 0.94% nickel and 0.09% cobalt



Motzfeldt Greenland



Key facts

Regency owns 100% of licence area 2014/01 covering 555 square kilometres in Narsarsuaq in Southern Greenland

Narsarsuaq is one of the world's largest undeveloped niobium-tantalum deposits with additional rare earth credits

JORC Inferred Mineral Resource of 340mt @ 120ppm Ta205, 4,600ppm ZrO₂, 1,850ppm Nb205 and 2,600 ppm total rare earth oxides

3,000m of diamond drilling and associated surface sampling conducted historically

Vast exploration potential – nine additional exploration targets and anomalies defined

30km along trend from Kringlerne and Kvanefjeld Projects – two of the world's largest REE deposits

4x
target types
niobium, tantalum, zirconium, REEs

50km

Motzfeldt is located less than 50km from two world class multi-element deposits

Location and Geology

The Motzfeldt licence is located on the seasonally ice free tip of Southern Greenland, within 30km from an international airport at Narsarsuaq. The project is readily accessible year round by direct flights from Europe and has immediate deep water access. Motzfeldt has numerous targets less than 30km from Narsarsuaq including the Aries Target where SRK reported a JORC Inferred Mineral Resource Estimate of 340mt @ 120ppm tantalum pentoxide (Ta205), 1850ppm niobium pentoxide (Nb205) and 4600ppm zirconium dioxide (ZrO₂). Contained metal inventory is as follows:

- 1,564,00t ZrO₂
- 884,000 Total Rare Earth Oxide ("TREO")
- 629,000t Nb205
- 41,000t Ta205

Mineralisation is believed to be open to the south and east.

Potential

Motzfeldt is located in the same geological province (Gardar Province) and less than 50km from two world class multi-element deposits, the Kvanefjeld and Kringlerne deposits, demonstrating the proven potential of the region's geology. The Gardar Province was formed by a peculiarity of crustal evolution through which magmas became highly evolved, concentrating key minerals into an unusual abundance of rich rare earth elements ("REE") and multi element deposits.

In addition to the JORC resource at Aries, Motzfeldt has nine other exploration targets and anomalies requiring further investigation. The targets, prospective for niobium, tantalum, zirconium and rare earth elements, have been identified by the presence of radiometric anomalies and surface sampling. These include:

• Voskop

- Highest REE grades identified within 2014/01
- Samples containing up to 10,800ppm TREO and 22.3% Heavy Rare Earth Oxide ("HREO") and yttrium oxide (Y2O₃)

• Drysdale

- Samples up to 16,700ppm Nb205, 328ppm Ta205, and 13,000ppm TREO
- Intense hydrothermal alteration and veining with high niobium grades sampled
- Potential to be significantly larger than Aries, with better logistics

• North Qoroq

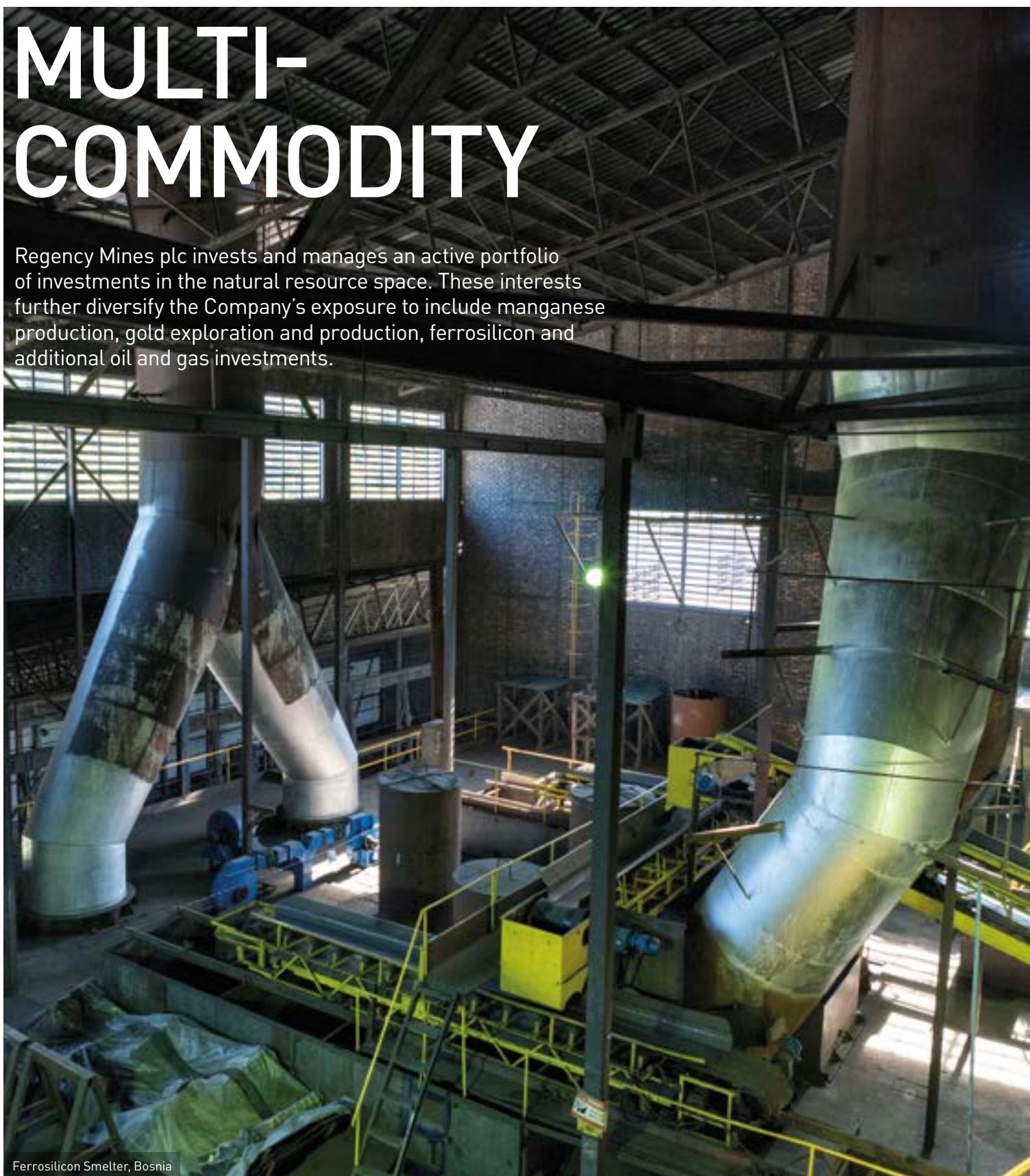
- Reported carbonatite and lujavrite, faulted offset of Black Ram target
- Best logistics of licence area

Motzfeldt is already known to host one of the world's largest undeveloped niobium-tantalum deposits, yet there remains considerable potential for further resource expansion and new discoveries.



MULTI-COMMODITY

Regency Mines plc invests and manages an active portfolio of investments in the natural resource space. These interests further diversify the Company's exposure to include manganese production, gold exploration and production, ferrosilicon and additional oil and gas investments.



Ferrosilicon Smelter, Bosnia



Red Rock Resources plc



Regency retains a 1.91% stake in Red Rock Resources plc listed on the AIM market in London

Red Rock holds a diverse portfolio of natural resource exploration and production assets

Includes a 1.20% stake in Jupiter Mines – with a world-class manganese asset in production

Stake in the Shoats Creek onshore oil project in Louisiana, in the United States

Interests in a 1.2m oz gold exploration project in Kenya and gold exploration assets in the Ivory Coast

Exposure to oil exploration in Benin

Interest in ferrosilicon smelter in Jajce, Bosnia



Red Rock Resources is a diversified natural resource development company spun out of Regency Mines plc in 2005. Originally focussed on gold exploration and the development of steel feed assets, the Company has subsequently diversified into ferrosilicon production and oil exploration and development.

Red Rock's signature asset remains its 1.20% stake in Jupiter Mines, which owns 50% of the Tshipi manganese mine in South Africa. Tshipi is a large open cast mine with a homogeneous ore body with little grade variation. The mine is currently in production and offers an annual production capacity of over 3m tonnes. Tshipi is one of the five largest manganese operations in the world and one of the lowest cost producers. With manganese prices having remained buoyant, Jupiter is expected to have paid out nearly \$1m in share buybacks to Red Rock by the end of 2017.

Red Rock controls a large gold exploration resource in Kenya, with a JORC resource consisting of 1.2m oz of gold. While licensing issues remain regarding the project, its position in south-west Kenya, less than 30km from Acacia's prolific North Mara gold mine, remains compelling. With ongoing political issues across the border in Tanzania it is expected that Kenya may see a renewed focus as a gold exploration hotspot. Additionally, Red Rock holds several compelling gold exploration tenements in the Ivory Coast.

In 2017 Red Rock made a loan to Steelmin Ltd. to fund the refurbishment of the first furnace of the ferrosilicon complex in Jajce, Bosnia. With production expected to commence in Q1 2018, Red Rock looks to have its loan repaid and retain a stake of ~20% in Steelmin itself.

Red Rock further maintains a 20% interest in several production wells at Shoats Creek in south-western Louisiana where it is

partnering with AIM listed Mayan Energy plc. It also has a 4.64% stake in Elephant Oil, a private oil exploration entity with interests in onshore Benin, West Africa.

Overall, Red Rock offers a diverse mix of cash generative production assets and blue sky exploration upside. The Company looks well positioned for outperformance as the sector recovery continues.

\$1m

Total expected Jupiter buybacks/dividends to Red Rock by end 2017

3m+ tonnes

Annual production capacity of Tshipi manganese mine in South Africa



Tshipi Mine, South Africa

Key risks	Description
Market and Funding Risks	<ul style="list-style-type: none"> Continued access to equity and debt capital to maintain solvency and to fund operations Excessive cost of available capital – interest rate fluctuations – discounted equity offerings Currency volatility in the UK and in currencies in which the Company operates Deterioration in commodity prices Company share price volatility Commodity investor risk appetite Low world GDP growth – overall demand for commodities may decline Natural resource market sentiment Perceived oversupply of certain commodities results in extended periods of weak pricing
Geological Risks	<ul style="list-style-type: none"> Base probability of exploration and development success Time and monetary costs of drilling unsuccessful prospects Low rate of deposits and reserves developed from targets Geological setting variations and data uncertainties Style of mineralisation and variability of geological targets Grade/tonnage issues – failure to achieve economic deposits or reserves during development Uncertainty over recoverability of reserves
Operational Risks	<ul style="list-style-type: none"> Operational and development cost variability and uncertainty Natural resource policy and regulatory changes impact operations Social licence to operate – permitting and approvals may be denied and/or delayed Resource nationalism – threatens project ownership during development and production Infrastructure access – poor infrastructure may require government upgrades and investment Staffing and expertise – key geological and operation staff may be difficult to recruit and retain Breakdowns of key plant and equipment – mechanical and technical problems Extreme weather conditions at operational sites may delay or increase the cost of operations Exposure to and reliance on the performance of operating and joint venture partners

Principal Risks and Uncertainties

The principal risks facing the Group and Company include but are not limited to those listed above. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system. For the Company the term risk is understood as the probability of failure and refers to the probability of delivering an undesirable financial outcome for investors.

Risk Management

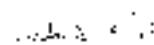
The Board considers risk assessment to be important in achieving its strategic objectives. Further details of the Group's financial risk management policies can be found in note 20.3.

Corporate Social Responsibility

Regency aims to be socially and environmentally responsible, following and exceeding standards set for exploration and investment companies around the world. As a responsible operator, the Company has developed a Corporate Social Responsibility ("CSR") policy that aims to align exploration and investment activities with the expectation of local stakeholders in relation to environmental, economic and social impacts. As an explorer, Regency's impact on local communities is the most significant area of focus. The firm's CSR framework places the emphasis on stakeholder engagement and information dissemination, ensuring the local community is aware of company plans and activities where appropriate.

Health and Safety

The Company includes Health and Safety ("H&S") procedures and frameworks in all of its planning and field activities, with an emphasis on top-down as well as bottom-up ownership and responsibility, quality training of all personnel, and risk assessments that go beyond mere regulatory compliance. Comprehensive Risk Assessments of Health and Safety Systems have been developed to identify existing risks, to implement relevant mitigation measures, and to identify new risks before they may be directly applicable to our operations. Regency's H&S strategy includes project and location specific training and H&S inductions, Emergency Response Plans and field team reporting procedures applied to Regency's projects worldwide.



Andrew Bell

Chairman and CEO
27 November 2017

BOARD OF DIRECTORS

CAPABLE AND SYNERGISTIC



Andrew Bell MA, LLB
Chairman and CEO



Scott Kaintz BS, MBA
Executive Director and COO



Edmund Bugnosen BSC
Non-executive Director

Biography

Andrew Bell began his career as an oil and mining analyst at Morgan Grenfell & Co. in the 1970s. His business experience encompasses periods in fund management and advisory work at leading financial institutions, international corporate finance work and private equity.

Experience

Andrew Bell's principal company directorships are Red Rock Resources plc (Executive Chairman) and Jupiter Mines Limited (Non-executive Director).

Biography

Scott Kaintz has an MBA from London Business School and Columbia Business School. He began his career as a US Air Force officer working across Europe, the Middle East and Central Asia. More recently he held managerial roles in the defence industry and worked in corporate finance and investment funds in London, focussing primarily on capital raising efforts and debt and equity investments in small-cap companies.

Experience

Scott joined Regency Mines plc in 2011 as Corporate Finance Manager and has subsequently taken on the role of Chief Operations Officer. He also serves as Executive Director of Red Rock Resources plc.

Biography

Edmund Bugnosen studied Mining Engineering in the Philippines and Environmental Science in the Netherlands. For over two decades as a consultant, he has completed numerous assignments in various parts of the world for different clients, which include the UN, ILO, the EU and the World Bank. Edmund also worked in the mining agencies of the governments of Namibia, Papua New Guinea and the Philippines. He is also a Director of Oro Nickel Ltd in Papua New Guinea, a joint-venture between Regency and Direct Nickel Ltd of Australia.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group and Parent Company, together with the Group financial statements for the year ended 30 June 2017.

Results and dividends

The Group's results are set out in the Consolidated Income Statement on page 27. The audited financial statements for the year ended 30 June 2017 are set out on pages 24 to 65.

The Group made a loss after taxation of £534,267 [2016: £1,965,722]. The Directors do not recommend the payment of a dividend [2016: nil].

Business review and future developments

The business review and future developments are dealt with in the Chairman's statement and in the Strategic Report on pages 2 to 17.

Fundraising and share capital

During the year, cash of £1,576,701 [2016: £781,595] was raised by the issue of new equity of 324,106,493 [2016: 252,384,571] new ordinary shares; further details are given in note 17.

Directors

The Directors who served during the period to date are as follows:

Andrew R M Bell
Edmund Sr Bugnosen
Scott C Kaintz

The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2017 were as follows:

	Ordinary shares			As percentage of issued share capital	Options	Warrants
	Direct	Beneficial*	Total			
Andrew R M Bell	2,222,222	12,407,425	14,629,647	2.54%	13,360,000	2,222,222
Edmund Bugnosen	10,000	4,184,623	4,194,623	0.73%	560,000	—
Scott Kaintz	—	4,322,706	4,322,706	0.75%	12,420,000	—

* Andrew Bell and Scott Kaintz both hold 4,301,654 shares and Edmund Bugnosen holds 4,184,623 shares indirectly through the Share Incentive Plan Trustees. In addition, Andrew Bell holds 4,825,907 shares in the account of Alliance Trust Nominees Limited, 977,429 shares in the name of Beaufort Securities Nominees Limited, and 2,302,435 shares in the account of Rock (Nominees) Limited. Scott Kaintz holds 21,052 shares in the account of HSBC Client Holdings Nominee UK Ltd.

The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2016 were as follows:

	Ordinary shares			As percentage of issued share capital	Options	Warrants
	Direct	Beneficial*	Total			
Andrew R M Bell	2,302,435	3,535,590	5,838,025	2.31%	2,960,000	—
Edmund Bugnosen	10,000	2,634,710	2,644,710	1.05%	560,000	—
Scott Kaintz	—	2,709,262	2,709,262	1.07%	2,820,000	—

* Andrew Bell and Scott Kaintz both hold 2,688,210 shares and Edmund Bugnosen holds 2,634,710 shares indirectly through the Share Incentive Plan Trustees. In addition, Andrew Bell indirectly holds 847,380 shares in the account of Brewin 1762 Nominees Limited. Scott Kaintz indirectly holds 21,052 shares through HSBC Client Holdings Nominee UK Limited.

Events after the reporting period

Events after the reporting period are set out in note 24 to the financial statements.

Auditor

The Directors will place a resolution before the Annual General Meeting to re-appoint Chapman Davis LLP as auditor for the coming year.

Substantial shareholdings

On 30 June 2017 and 20 November 2017, the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	30 June 2017		20 November 2017	
	Ordinary shares of £0.0001 each	Percentage of issued share capital	Ordinary shares of £0.0001 each	Percentage of issued share capital
Barclays Direct Investing Nominees Limited	—	—	74,100,149	12.85%
Barclayshare Nominees Limited	60,000,088	10.41%	—	—
Jim Nominees Limited – Designation JARVIS	56,790,115	9.85%	32,746,918	5.68%
Hargreaves Lansdown (Nominees) Limited – Designation 15942	47,201,185	8.19%	50,594,598	8.78%
TD Direct Investing Nominees (Europe) Limited – Designation SMKTNOMS	44,294,553	7.68%	46,146,821	8.00%
Hargreaves Lansdown (Nominees) Limited – Designation HLNOM	36,241,591	6.29%	29,856,832	5.18%
Share Nominees Ltd	29,406,945	5.1%	38,531,651	6.68%
Hargreaves Lansdown (Nominees) Limited – Designation VRA	27,005,219	4.69%	29,131,491	5.05%
TD Direct Investing Nominees (Europe) Limited – Designation SMKTISAS	26,282,436	4.56%	19,591,988	3.40%
Darren Hazelwood	18,574,305	3.22%	—	—
Beaufort Nominees Limited – Designation SSLNOMS	—	—	30,408,311	5.27%
Jim Nominees Limited – Designation ISA	—	—	18,037,893	3.13%
Total number of shares in issue	576,491,064		576,491,064	

Management incentives

During the year, the Company granted options over ordinary shares for the benefit of Directors and senior members of staff, none of which have been exercised at 30 June 2017.

In addition, the Company operates a tax efficient Share Incentive Plan, a government approved scheme, the terms of which provide for an equal reward to every employee, including Directors, who had served for three months or more at the time of issue. The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment; and
- the Company to award free shares to a maximum of £3,600 per employee per annum.

The subscriptions remain free of taxation and national insurance if held for five years.

Further details on share options and the Share Incentive Plan are set out in note 18 to the financial statements.

Directors' remuneration

The remuneration of the Executive Directors paid during the year was fixed on the recommendation of the Remuneration Committee. The remuneration of the Non-executive Directors paid during the year was fixed on the recommendation of the Executive Directors. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

Fees paid to each Director for the year ended 30 June 2017 are set out in note 7 to the financial statements.

Each Director is entitled to participate in the Share Incentive Plan.

The Company also has a Group Personal Pension Scheme for all eligible employees, including the Directors. The Scheme is an insured, defined contribution arrangement with all members entitled to an employer pension contribution equivalent to 4.5% of basic salary, subject to the individual agreeing to make a minimum contribution to the Scheme equivalent to 4% of basic salary (subject to statutory and regulatory conditions). The Scheme is available on a Salary Sacrifice basis, with 100% of the employer national insurance saving passed on to the member by way of an enhanced employer contribution to the Scheme, of an equivalent amount.

The Company is closely associated with Red Rock Resources plc, in which the Company has a 1.91% interest as at 30 June 2017 (2016: 2.32%). Red Rock Resources plc had 0.29% interest in the Company as at 30 June 2017 (2016: 4.37%). Two Directors, Andrew Bell and Scott Kaintz, were also Directors of and received a salary from Red Rock Resources plc. The amount of their remuneration for their role as Directors of Red Rock Resources plc is not required to be disclosed in the Company financial statements but is fully disclosed in the financial statements of Red Rock Resources plc.

DIRECTORS' REPORT

CONTINUED

Corporate governance statement

The corporate governance statement follows on pages 22 to 23.

Control procedures

The Board has approved financial budgets and cash forecasts. In addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

Environmental responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company ensures that it and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles, the industry standard for environmental and social risk.

Employment policies

The Group is committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success of the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, colour, race or ethnic origin.

Health and safety

The Group's aim is to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group provides training and support to employees and sets demanding standards for workplace safety. Being an exploration company with very mobile staff personnel, the Company maintains and follows emergency response and evacuation plans ("EREP") in all its projects.

Going concern

The consolidated entity has incurred a loss before tax of £534,267 for the year ended 30 June 2017 (2016: loss of £1,965,722), and had a net cash outflow of £2,019,183 (2016: £625,434) from operating and investing activities. At that date there was a net current liability of £1,047,001 (2016: £548,663). The loss resulted mainly from the impairment of the Group's exploration and available for sale assets totalling £229,262 (2016: £1,205,349).

In August 2017 the Company disposed of 1.9% of its stake in Horse Hill Developments Ltd ("HHDL") to UK Oil and Gas ("UKOG"). For this interest the Company received £54,498 in obligations assumed by the buyer as well as £268,502 of value in UKOG shares. These shares were subsequently sold for gross proceeds of £1.3m. On 18 October 2017, Regency announced a conditional sale to dispose of its remaining 3.1% interest in HHDL for £630,000, of which 50% would be delivered in cash and 50% in shares of the buyer, Alba Mineral Resources plc.

These two transactions together represent a material amount of capital injected into the business and should provide adequate funding at current operational rates well into 2018.

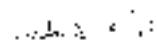
The Directors are confident in the Company's ability to raise new finance from stock markets if this is required during 2018 and the Group has demonstrated a consistent ability to do so. This includes a share issuance of 318.9 million shares for total consideration of £1.89 million since the 2016 financial year-end.

The Group has also demonstrated the ability to raise debt capital when required and on 5 April 2017 announced that it had raised an unsecured US\$1.0 million convertible loan note, bearing interest of 12% and convertible into the Company's ordinary shares. The loan is convertible into shares at either a fixed price of £0.01155 or a variable price based on the volume weighted average price of the five trading days prior to conversion.

Regency further owns liquid assets that it can sell in order to fund operations, as demonstrated in the past year, with the most significant being its 8.9% stake in Curzon Energy Plc, listed on the Standard List of the London Stock Exchange. The value of this holding following Curzon's IPO in September 2017 was approximately £600k.

As the natural resource space continues to improve in the second half of 2017 and beyond, the Directors feel strongly that the value of Regency's project portfolio, from the Mambare Nickel Project in Papua New Guinea, to Curzon Energy and its US coal assets, will start to be more fully recognised in the share price and market capitalisation of the business. With this positive move in the markets and the associated developments in batteries and energy storage technologies in particular, the Directors are confident in their ability to access capital and fund the business adequately for the next year.

By order of the Board



Andrew Bell
Chairman and CEO
27 November 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and Company for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Regency Mines plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Reporting Council incorporate the UK Corporate Governance Code, which sets out the principles of good governance, and the Code of Best Practice for listed companies.

The UK Corporate Governance Code does not apply to AIM companies. The Company does not comply with the UK Corporate Governance Code. However, the Directors have reported on Corporate Governance arrangements by drawing upon the best practice available, including those aspects of the UK Corporate Governance Code which are considered to be relevant to the Company and best practice.

Role of the Board

The Board has a responsibility to govern the Company rather than to manage it and in doing so act in the best interests of the Company as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director. Non-executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Responsibilities of the Board

The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

Board of Directors

The Board of Directors currently comprises three Directors, two of whom are Executive Directors as of the year end; of these, one is Executive Chairman and Chief Executive Officer. There is one Non-executive Director, being Edmund Bugnosen.

The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the UK Corporate Governance Code have been implemented to an appropriate level. The Board, through the Executive Chairman, the Executive Director and the Non-executive Director, maintain regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

All Directors have access to the advice of the Company's solicitors and the Company Secretary, necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Executive Chairman

The Board acknowledges that, in having an Executive Chairman who is also the Chief Executive Officer, best practice is not being followed. However, it is the opinion of the Board as a whole that the current arrangements are appropriate to the Company and Group at this stage of development.

Board meetings

The Board meets regularly throughout the year. During the year ended 30 June 2017 the Board met 22 times in relation to normal operational matters.

Board committees

The Board has established the following committees, each of which has its own terms of reference:

Audit Committee

The Audit Committee considers the Group's financial reporting, including accounting policies, and internal financial controls. It is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee meets at least twice a year, once with the auditors, and is comprised of Edmund Bugnosen, Non-executive Director, as Chairman and Scott Kaintz, Executive Director. The Executive Chairman and senior personnel attend the Committee as requested by the Committee.

It is the responsibility of the Committee to review the annual and half-yearly financial statements, to ensure that they adequately comply with appropriate accounting policies, practices and legal requirements, to recommend to the Board their adoption, and to consider the independence of and to oversee management's appointment of the external auditors.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Executive Directors' remuneration. It comprises Non-executive Director, Edmund Bugnosen as Chairman and Andrew Bell, Executive Director. The other Executive Director and other senior personnel attend meetings as requested by the Committee, which meets at least twice a year.

Nominations Committee

The Board has not established a Nominations Committee. The Board considers that a separately established committee is not warranted at this stage of the Group's development and that the functions of such a committee are being adequately discharged by the Board as a whole.

Ethical decision making

Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and all staff have agreed to maintain confidentiality of non-public information except where disclosure is authorised or legally mandated.

Bribery

In accordance with the provisions of the Bribery Act, all Directors and staff acknowledge that it is an offence under the act to engage in any form of bribery. The Company has an anti-bribery and whistleblowing policy in force.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in the light of increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Insurance

The Group maintains insurance in respect of its Directors and officers against liabilities in relation to the Company.

Treasury policy

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

Securities trading and share dealing

The Board has adopted the Share Dealing Code contained within the AIM Rules that applies to Directors, senior management and any employee who is in possession of "inside information". All such persons are prohibited from trading in the Company's securities if they are in possession of "inside information". Subject to this condition and trading prohibitions applying to "close periods" (usually two months prior to the publication of the interim and final audited accounts), trading can occur provided the relevant individual has received the appropriate prescribed clearance. All Directors and staff are required to advise the Executive Chairman of their intention to undertake a transaction in the Company's shares. Such a transaction will be precluded if the Director or employee is considered to be in possession of unpublished price sensitive information.

Relations with shareholders

The Board recognises that it is accountable to shareholders for the performance and activities of the Company and Group and to this end is committed to providing effective communication with the shareholders of the Company.

Significant developments are disseminated through stock exchange announcements and regular updates of the Company website where descriptions of the Group projects are available and updated regularly. In addition, copies of press comments, broker notes, video updates and presentations are available. On the website, shareholders may sign up to receive news releases directly by email.

The Board views the Annual General Meeting as an important forum for communication between the Company and its shareholders and encourages shareholders to express their views on the Group's business activities and performance.

Takeover Code

The Company is subject to the UK City Code on Takeovers and Mergers.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF REGENCY MINES PLC

Opinion

We have audited the financial statements of Regency Mines plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2017 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Income Statement and Consolidated Statement of Comprehensive Income, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity, and the related notes 1 to 25, including the principal accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2017 and of the Group's and the Parent Company's results for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of available for sale financial assets

The Group's available for sale financial assets represent a significant asset on its statement of financial position totalling £1,443,707 as at 30 June 2017.

Management and the Board are required to ensure that available for sale financial assets are carried in the statement of financial position at fair value and accord with the Group's accounting policy.

Given the significance of the available for sale financial assets on the Group's statement of financial position and the significant management judgement involved in the determination of the valuation methodology on the class of unquoted equity investments and the assessment of the carrying values of these investments there is an increased risk of material misstatement.

How the matter was addressed in the audit

The procedures included, but were not limited to, assessing and evaluating management's assessment and valuation methodology as applicable to its holdings in unlisted investments within the category of available for sale financial assets with consideration of:

- the investment in the renamed Curzon Energy Plc, which was admitted to listing on the London Stock Exchange on 4 October 2017;
- the long-standing investment in Direct Nickel Ltd and its potential for future value creation; and
- third party interest in the acquisition of strategic stakes in Horse Hill Developments Ltd together with share disposals after the reporting date.

We also assessed the disclosures included in the financial statements and our results found the carrying value for available for sale financial assets and the £1,315,375 value for unlisted investments to be acceptable.

The materiality for the Group financial statements as a whole was set at £125,000, less than 2% of total group assets with a lower materiality set at £32,000 for unquoted equity investments, less than 2.5% of the carrying value of these assets.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit we have not identified material misstatements in the Strategic Report or the Directors' Report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Keith Fulton (Senior Statutory Auditor)

for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
27 November 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	30 June 2017 £	30 June 2016 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	15,520	21,716
Investments in associates and joint ventures	11	3,585,757	1,638,113
Available for sale financial assets	12	1,443,707	1,147,460
Exploration assets	13	40,402	233,900
Trade and other receivables	14	1,239,779	1,202,312
Total non-current assets		6,325,165	4,243,501
Current assets			
Cash and cash equivalents	19	9,176	7,960
Trade and other receivables	14	116,544	344,815
Total current assets		125,720	352,775
Total assets		6,450,885	4,596,276
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Called up share capital	18	1,904,933	1,872,523
Share premium account		19,272,873	17,399,710
Other reserves		895,947	324,638
Retained earnings		(16,795,589)	(15,902,031)
Total equity		5,278,164	3,694,838
LIABILITIES			
Current liabilities			
Trade and other payables	15	401,634	619,139
Short-term borrowings	15	771,087	282,299
Total current liabilities		1,172,721	901,438
Total equity and liabilities		6,450,885	4,596,276

These financial statements on pages 24 to 65 were approved by the Board of Directors and authorised for issue on 27 November 2017 and are signed on its behalf by:



Andrew Bell
Chairman and CEO

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Year to 30 June 2017 £	Year to 30 June 2016 £
REVENUE			
Management services		113,350	24,910
Total revenue		113,350	24,910
Gain/(loss) on dilution of interest in associate		—	19,325
Loss on sales of investments		—	(86,735)
Gain on sale of tenements		55,183	(48,049)
Impairment of available for sale financial assets		—	(547,068)
Exploration expenses		(930)	(611)
Impairment of exploration assets		(229,262)	(658,281)
Administrative expenses (net)		(414,943)	(594,733)
Share of losses of associates and joint ventures (net of tax)		—	(48,430)
Finance costs, net	4	(57,665)	(26,050)
Loss for the year before taxation	3	(534,267)	(1,965,722)
Tax credit	5	—	—
Loss for the year attributable to owners of the Parent		(534,267)	(1,965,722)
Loss per share attributable to owners of the Parent			
Loss per share – basic	8	(0.13) pence	(1.20) pence
Loss per share – diluted	8	(0.13) pence	(1.20) pence

All of the Group's operations are considered to be continuing.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	30 June 2017 £	30 June 2016 £
Loss for the year	(534,267)	(1,965,722)
Other comprehensive income		
Items that will be reclassified subsequently to profit or loss		
Surplus on revaluation of available for sale financial assets	110,242	184,297
Share of other comprehensive income of associates	—	6,364
Unrealised foreign currency gain	58,865	50,892
Other comprehensive income for the year	169,107	241,553
Total comprehensive expense for the year attributable to owners of the Parent	(365,160)	(1,724,169)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

The movements in equity during the year were as follows:

	Share capital £	Share premium account £	Retained earnings £	Other reserves £	Total equity £
As at 30 June 2015	1,815,326	16,700,261	(13,936,310)	60,140	4,639,417
Changes in equity for 2016					
Loss for the year	—	—	(1,965,722)	—	(1,965,722)
Other comprehensive income for the year	—	—	—	241,553	241,553
Transactions with owners					
Issue of shares	57,196	749,449	—	—	806,645
Share issue and fundraising costs	—	(50,000)	—	—	(50,000)
Share-based payment transfer	—	—	—	22,945	22,945
Total transactions with owners	57,196	699,449	—	22,945	779,590
As at 30 June 2016	1,872,522	17,399,710	(15,902,032)	324,638	3,694,838
Changes in equity for 2017					
Loss for the year	—	—	(534,267)	—	(534,267)
Other comprehensive income for the year	—	—	(359,290)	528,397	169,107
Transactions with owners					
Issue of shares	32,411	1,918,253	—	—	1,950,664
Share issue and fundraising costs	—	(45,090)	—	—	(45,090)
Share-based payment transfer	—	—	—	42,912	42,912
Total transactions with owners	32,411	1,873,163	—	42,912	1,948,486
As at 30 June 2017	1,904,933	19,272,873	(16,795,589)	895,947	5,278,164
	Available for sale financial asset reserve £	Share-based payment reserve £	Associate investments reserve £	Foreign currency translation reserve £	Total other reserves £
As at 30 June 2015	82,707	—	(416,803)	394,236	60,140
Changes in equity for 2016					
Other comprehensive income for the year	184,297	—	6,364	50,892	241,553
Share-based payment transfer	—	22,945	—	—	22,945
As at 30 June 2016	267,004	22,945	(410,439)	445,128	324,638
Changes in equity for 2017					
Other comprehensive income for the year	110,242	—	—	58,865	169,107
Transfer to retained earnings	(51,149)	—	410,439	—	359,290
Share-based payment transfer	—	42,912	—	—	42,912
As at 30 June 2017	326,097	65,857	—	503,993	895,947

See note 16 for a description of each reserve included above.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Year to 30 June 2017 £	Year to 30 June 2016 £
Cash flows from operating activities		
Loss before taxation	(534,267)	(1,965,722)
Decrease/(increase) in receivables	1,501	283,555
Increase/(decrease) in payables	(217,503)	225,453
Depreciation	6,197	7,453
Impairment of exploration properties	229,262	658,281
Share-based payments	91,359	47,995
Currency adjustments	(49,679)	(26,871)
Finance cost, net	57,665	26,050
Share of losses of associate	—	48,430
Loss on sale of investments	—	86,735
Gain on sale of tenements	(55,183)	48,049
Impairment of available for sale financial assets	—	547,068
(Gain)/loss on dilution of interest in associate	—	(19,325)
Net cash outflow from operations	(470,648)	(32,849)
Cash flows from investing activities		
Interest received	—	15,869
Proceeds from sale of investments	—	124,158
Proceeds from sale of tenements	58,837	—
Purchase of property, plant and equipment	—	(20,343)
Purchase of available for sale financial assets	(75,000)	(674,498)
Payments for exploration costs	(594)	(37,771)
Payments for investments in associates and joint ventures	(1,531,778)	—
Net cash outflow from investing activities	(1,548,535)	(592,585)
Cash inflows from financing activities		
Proceeds from issue of shares	1,576,701	781,595
Transaction costs of issue of shares	(45,090)	(50,000)
Interest paid	(72,048)	(41,919)
Proceeds of new borrowings	771,087	—
Repayment of borrowings	(210,251)	(59,847)
Net cash inflow from financing activities	2,020,399	629,829
Net (decrease)/increase in cash and cash equivalents	1,216	4,395
Cash and cash equivalents at beginning of period	7,960	3,565
Cash and cash equivalents at end of period	9,176	7,960

The accompanying notes and accounting policies form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2017

	Notes	30 June 2017 £	30 June 2016 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	15,520	21,716
Investments in subsidiaries	10	482	482
Investments in associates and joint ventures	11	3,702,417	1,754,773
Available for sale financial assets	12	1,433,858	1,147,460
Exploration assets	13	40,402	40,402
Trade and other receivables	14	2,045,053	2,003,858
Total non-current assets		7,237,732	4,968,691
Current assets			
Cash and cash equivalents	19	8,125	6,626
Trade and other receivables	14	116,286	286,455
Total current assets		124,411	293,081
Total assets		7,362,143	5,261,772
EQUITY AND LIABILITIES			
Called up share capital			
Share premium account	18	1,904,933	1,872,522
Other reserves		19,272,873	17,399,710
Retained earnings		496,514	240,772
Total equity		(15,474,628)	(15,148,556)
Total equity		6,199,692	4,364,448
LIABILITIES			
Current liabilities			
Trade and other payables	15	391,364	615,025
Short-term borrowings	15	771,087	282,299
Total current liabilities		1,162,451	897,324
Total equity and liabilities		7,362,143	5,261,772

These financial statements on pages 24 to 65 were approved by the Board of Directors and authorised for issue on 27 November 2017 and are signed on its behalf by:



Andrew Bell
Chairman and CEO

The accompanying notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

The movements in reserves during the year were as follows:

	Share capital £	Share premium account £	Retained earnings £	Other reserves £	Total equity £
As at 30 June 2015	1,815,326	16,700,261	(13,267,690)	33,530	5,281,427
Changes in equity for 2016					
Loss for the year	—	—	(1,880,866)	—	(1,880,866)
Other comprehensive expense for the year	—	—	—	184,297	184,297
Transactions with owners					
Issue of shares	57,196	749,449	—	—	806,645
Share issue and fundraising costs	—	(50,000)	—	—	(50,000)
Share-based payment transfer	—	—	—	22,945	22,945
Total transactions with owners	57,196	699,449	—	22,945	779,590
As at 30 June 2016	1,872,522	17,399,710	(15,148,556)	240,772	4,364,448
Changes in equity for 2017					
Loss for the year	—	—	(326,072)	—	(326,072)
Other comprehensive income for the year	—	—	—	212,830	212,830
Transactions with owners					
Issue of shares	32,411	1,918,253	—	—	1,950,664
Share issue and fundraising costs	—	(45,090)	—	—	(45,090)
Share-based payment transfer	—	—	—	42,912	42,912
Total transactions with owners	32,411	1,873,163	—	42,912	1,948,486
As at 30 June 2017	1,904,933	19,272,873	(15,474,628)	496,514	6,199,692

	Available for sale financial asset reserve £	Share-based payment reserve £	Currency reserve £	Total other reserves £
As at 30 June 2015	31,558	—	1,972	33,530
Changes in equity for 2016				
Other comprehensive expense for the year	184,297	—	—	184,297
Share-based payment transfer	—	22,945	—	22,945
As at 30 June 2016	215,855	22,945	1,972	240,772
Changes in equity for 2017				
Other comprehensive income for the year	110,242	—	102,588	212,830
Share-based payment transfer	—	42,912	—	42,912
As at 30 June 2017	326,097	65,857	104,560	496,514

See note 16 for a description of each reserve included above.

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Year to 30 June 2017 £	Year to 30 June 2016 £
Cash flows from operating activities		
Loss before taxation	(326,072)	(1,880,866)
(Increase)/Decrease in receivables	54,214	258,294
(Decrease)/Increase in payables	(223,661)	231,509
Depreciation	6,197	7,453
Share-based payments	91,359	47,995
Finance (income)/costs, net	(47,771)	26,050
Currency loss	33,612	47,156
Loss on sale of investments	—	18,474
Impairment of associate	—	72,678
Impairment of available for sale investment	—	478,454
Impairment of exploration expenses	—	658,281
Net cash outflow from operations	(412,122)	(34,522)
Cash flows from investing activities		
Interest received	—	15,869
Payments for exploration costs	—	(36,299)
Payments for investments in associates and joint ventures	(1,531,778)	—
Purchase of property, plant and equipment	—	(20,343)
Purchase of available for sale financial assets	(75,000)	(674,498)
Proceeds from sale of investments	—	124,158
Net cash outflow from investing activities	(1,606,778)	(591,113)
Cash inflows from financing activities		
Proceeds from issue of shares	1,576,701	781,595
Transaction costs of issue of shares	(45,090)	(50,000)
Interest paid	(72,048)	(41,919)
Proceeds of new borrowings	771,087	—
Repayments of borrowings	(210,251)	(59,847)
Net cash inflow from financing activities	2,020,399	629,829
Net (decrease)/increase in cash and cash equivalents	1,499	4,194
Cash and cash equivalents at beginning of period	6,626	2,432
Cash and cash equivalents at end of period	8,125	6,626

The accompanying notes and accounting policies form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. Principal accounting policies

1.1 Authorisation of financial statements and statement of compliance with IFRS

The Group financial statements of Regency Mines plc ("the Company" or "Regency") for the year ended 30 June 2017 were authorised for issue by the Board on 27 November 2017 and signed on the Board's behalf by Andrew Bell and Scott Kaintz. Regency Mines plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

1.2 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as endorsed by the EU ("IFRS") and the requirements of the Companies Act applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies adopted are set out below.

Going concern

The consolidated entity has incurred a loss before tax of £534,267 for the year ended 30 June 2017 (2016: loss of £1,965,722), and had a net cash outflow of £2,019,183 (2016: £625,434) from operating and investing activities. At that date there was a net current liability of £1,047,001 (2016: £548,663). The loss resulted mainly from the impairment of the Group's exploration and available for sale assets totalling £229,262 (2016: £1,205,349).

In August 2017 the Company disposed of 1.9% of its stake in Horse Hill Developments Ltd ("HHDL") to UK Oil and Gas ("UKOG"). For this interest the Company received £54,498 in obligations assumed by the buyer as well as £268,502 of value in UKOG shares. These shares were subsequently sold for gross proceeds of £1.3m. On 18 October 2017, Regency announced a conditional sale to dispose of its remaining 3.1% interest in HHDL for £630,000, of which 50% would be delivered in cash and 50% in shares of the buyer, Alba Mineral Resources plc.

These two transactions together represent a material amount of capital injected into the business and should provide adequate funding at current operational rates well into 2018.

The Directors are confident in the Company's ability to raise new finance from stock markets if this is required during 2018 and the Group has demonstrated a consistent ability to do so. This includes a share issuance of 318.9 million shares for total consideration of £1.89 million since the 2016 financial year-end.

The Group has also demonstrated the ability to raise debt capital when required and on 5 April 2017 announced that it had raised an unsecured US\$1.0 million convertible loan note, bearing interest of 12% and convertible into the Company's ordinary shares. The loan is convertible into shares at either a fixed price of £0.01155 or a variable price based on the volume weighted average price of the five trading days prior to conversion.

Regency further owns liquid assets that it can sell in order to fund operations, as demonstrated in the past year, with the most significant being its 8.9% stake in Curzon Energy Plc, listed on the Standard List of the London Stock Exchange. The value of this holding following Curzon's IPO in September 2017 was approximately £600k.

As the natural resource space continues to improve in the second half of 2017 and beyond, the Directors feel strongly that the value of Regency's project portfolio, from the Mambare Nickel Project in Papua New Guinea, to Curzon Energy and its US coal assets, will start to be more fully recognised in the share price and market capitalisation of the business. With this positive move in the markets and the associated developments in batteries and energy storage technologies in particular, the Directors are confident in their ability to access capital and fund the business adequately for the next year.

1. Principal accounting policies continued

1.2 Basis of preparation continued

Company Statement of Comprehensive Income

As permitted by Section 408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss for the financial year was £324,423 (2016: £1,880,866). The Company's other comprehensive income for the financial year was £110,242 (2016: £184,297).

Amendments to published standards effective for the year ended 30 June 2017.

New standards, amendments and interpretations effective for the periods from 1 January 2016

The following new standards, amendments and interpretations are effective for the first time in these financial statements. However, none have a material effect on the Group and Company:

- Annual Improvements to IFRSs (2012-2014 cycle): IAS 19 Employee Benefits, IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures;
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interest in Other Entities and IAS 28 Investments in Associates and Joint Venture (2011);
- Amendments to IFRS 11 Joint Arrangements in relation to accounting for acquisition of interests in joint operations.

There were no new standards or interpretations effective for the first time for accounting periods beginning on or after 1 July 2016 that had a significant effect on the Group's financial statements.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 9 Financial Instruments, effective for accounting periods beginning on or after 1 January 2018;
- IFRS 15 Revenue from Contracts with Customers, effective for accounting periods beginning on or after 1 January 2017;
- Amendments to IAS 12 Deferred Tax relating to recognition of deferred tax assets for unrealised losses, effective for accounting periods beginning on or after 1 January 2017 (not yet endorsed in the EU);
- Amendments to IAS 7 Financial Instruments: Disclosures, effective for accounting periods beginning on or after 1 January 2017 (not yet endorsed in the EU);
- Annual Improvements to IFRSs (2014-2016 cycle), Amendments to IFRS 12, effective for accounting periods beginning on or after 1 January 2017 (not yet endorsed in the EU).

The effects of IFRS 15 Revenues from Contracts with Customers and IFRS 9 Financial Instruments are still being assessed, but it is not expected that these new standards and the amendments mentioned above will have a significant effect on the Group or Company's future financial statements.

Standards adopted early by the Group

The Group has not adopted any standards or interpretations early in either the current or the preceding financial year.

1.3 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and entities controlled by the Company, its subsidiaries, made up to 30 June each year.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain economic benefits from their activities. Subsidiaries are consolidated from the date on which control is obtained, the acquisition date, until the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, contingent consideration and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. Principal accounting policies continued

1.3 Basis of consolidation continued

Subsidiaries continued

Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation, except to the extent that intra-group losses indicate an impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

For the years ended 30 June 2017, the consolidated financial statements combine those of the Company with its subsidiary, Regency Mines Australasia Pty Limited and Regency Resources Inc.

1.4 Summary of significant accounting policies

1.4.1 Investment in associates

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

Investments in associates are recognised in the consolidated financial statements using the equity method of accounting. The Group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income are recognised directly in other comprehensive income. The carrying value of the investment, including goodwill, is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those associates are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Where the Company's holding in an associate is diluted, the Company recognises a gain or loss on dilution in profit and loss. This is calculated as the difference between the Company's share of proceeds received for the dilutive share issue and the value of the Company's effective disposal.

In the Company accounts investments in associates are recognised and held at cost. The carrying value of the investment is tested for impairment when there is objective evidence of impairment.

1.4.2 Interests in joint ventures

The Group has a contractual arrangement with Direct Nickel Pty Ltd which represents a joint venture established through an interest in a jointly controlled entity, Oro Nickel Limited in order to develop and exploit the Mambare nickel project. The Group also has a contractual arrangement with Carbon Minerals Corporation, a Delaware company which has entered into an agreement to acquire and develop the Rosa metallurgical coal mine. The Group has a further contractual agreement with Vali Carbon Corporation, a Delaware based company set up to pursue metallurgical coal investments in the Appalachian region of the United States. Further, the Company has signed a memorandum of agreement with Mr Stephen Moscicki to conduct due diligence over a metallurgical coal property of 6,500 acres in north-eastern Alabama.

The Group recognises its interest in the entity's assets and liabilities using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments. The Group Income Statement reflects the share of the jointly controlled entity's results after tax.

1. Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.2 Interests in joint ventures continued

Any goodwill arising on the acquisition of a jointly controlled entity is included in the carrying amount of the jointly controlled entity and is not amortised. To the extent that the net fair value of the entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the entity's profit or loss in the period in which the investment is acquired.

Financial statements of the jointly controlled entity will be prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. The Group ceases to use the equity method on the date from which it no longer has joint control over, or significant influence in, the joint venture.

1.4.3 Taxation

Corporation tax payable is provided on taxable profits at the current rate. The tax expense represents the sum of the current tax expense and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either:

- the same taxable entity; or
- different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

1.4.4 Property, plant and equipment

Property, plant and equipment acquired and identified as having a useful life that exceeds one year is capitalised at cost and is depreciated on a straight line basis at annual rates that will reduce book values to estimated residual values over their anticipated useful lives as follows:

Office furniture, fixtures and fittings	- 33% per annum
Leasehold improvements	- 5% per annum

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.5 Foreign currencies

Both the functional and presentational currency of Regency Mines plc is Sterling (£). Each Group entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currencies of the foreign subsidiaries and joint ventures are the Australian Dollar ("AUD"), the Papua New Guinea Kina ("PNG") and the US Dollar ("USD").

Transactions in currencies other than the functional currency of the relevant entity are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are recognised as other comprehensive income and are transferred to the Group's foreign currency translation reserve.

1.4.6 Revenue

Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of the Group and the Company, when those inflows result in increases in equity.

Revenue is measured at the fair value of the consideration received or receivable for investment asset disposals in the normal course of business and is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable.

In addition, revenue from management services is recognised on an accruals basis when the services have been delivered and any associated costs have been incurred.

1.4.7 Exploration assets

Exploration assets comprise exploration and development costs incurred on prospects at an exploratory stage. These costs include the cost of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects. These costs are carried forward in the Statement of Financial Position as non-current intangible assets less provision for identified impairments.

Recouping of exploration and development costs is dependent upon successful development and commercial exploitation of each area of interest and will be amortised over the expected commercial life of each area once production commences. The Group and the Company currently have no exploration assets where production has commenced.

The Group adopts the "area of interest" method of accounting whereby all exploration and development costs relating to an area of interest are capitalised and carried forward until abandoned. In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made. All expenditure incurred prior to approval of an application is expensed with the exception of refundable rent which is raised as a receivable.

Upon disposal, the difference between the fair value of consideration receivable for exploration assets and the relevant cost within non-current assets is recognised in the Income Statement.

1. Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.8 Share-based payments

Share options

The Group operates an equity-settled share-based payment arrangement whereby the fair value of services provided is determined indirectly by reference to the fair value of the instrument granted.

The fair value of options granted to Directors and others in respect of services provided is recognised as an expense in the income statement with a corresponding increase in equity reserves – the share-based payment reserve until the award has been settled and then a transfer is made to share capital.

On exercise or lapse of share options, the proportion of the share-based payment reserve relevant to those options is transferred to retained earnings. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date and charged over the vesting period during which the option becomes unconditional.

The fair value of options is calculated using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. The exercise price is fixed at the date of grant.

Non-market conditions are performance conditions that are not related to the market price of the entity's equity instruments. They are not considered when estimating the fair value of a share-based payment. Where the vesting period is linked to a non-market performance condition, the Group recognises the goods and services it has acquired during the vesting period based on the best available estimate of the number of equity instruments expected to vest. The estimate is reconsidered at each reporting date based on factors such as a shortened vesting period, and the cumulative expense is "trued up" for both the change in the number expected to vest and any change in the expected vesting period.

Market conditions are performance conditions that relate to the market price of the entity's equity instruments. These conditions are included in the estimate of the fair value of a share-based payment. They are not taken into account for the purpose of estimating the number of equity instruments that will vest. Where the vesting period is linked to a market performance condition, the Group estimates the expected vesting period. If the actual vesting period is shorter than estimated, the charge is accelerated in the period that the entity delivers the cash or equity instruments to the counterparty. When the vesting period is longer, the expense is recognised over the originally estimated vesting period.

For other equity instruments granted during the year (i.e. other than share options), fair value is measured on the basis of an observable market price.

When a share-based payment is modified, the Group determines whether the modification affects the fair value of the instruments granted, affects the number of equity instruments granted or is otherwise beneficial to the employee. In case where the exercise price of options granted to employees is reduced, the Group recognises the incremental change in fair value (along with the original fair value determined at grant date) over the remaining vesting period as an expense and an increase in equity. Decreases in the fair value are not considered. To determine if an increase has occurred, management compares the fair value of the modified award with the fair value of the original award at the modification date. Any other benefit to the employee is taken into account in estimating the number of equity instruments that are expected to vest.

Share Incentive Plan

Where the shares are granted to the employees under the Share Incentive Plan, the fair value of services provided is determined indirectly by reference to the fair value of the free, partnership and matching shares granted on the grant date. Fair value of shares is measured on the basis of an observable market price, i.e. share price as at grant date, and is recognised as an expense in the income statement on the date of the grant. For the partnership shares the charge is calculated as the excess of the mid-market price on the date of grant over the employee's contribution.

1.4.9 Pension

The Group operates a defined contribution pension plan which requires contributions to be made to a separately administered fund. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.10 Finance costs/revenue

Borrowing costs are recognised on an accruals basis using the effective interest method.

Finance income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

1.4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised where the Group has become party to the contractual provisions of the instrument.

Investments

Investments in subsidiary companies are classified as non-current assets and included in the Statement of Financial Position of the Company at cost at the date of acquisition less any identified impairments.

For acquisitions of subsidiaries or associates achieved in stages, the Company re-measures its previously held equity interests in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. Any gains or losses previously recognised in other comprehensive income are transferred to profit and loss.

Investments in associates and joint ventures are classified as non-current assets and included in the Statement of Financial Position of the Company at cost at the date of acquisition less any identified impairment.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity or fair value through profit and loss.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise through the provision of goods or services (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provision is recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such provision being the difference between the net carrying amount and the net present value of the future expected cash flows associated with the impaired receivable.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1. Principal accounting policies continued

1.4 Summary of significant accounting policies continued

Restricted cash

Cash which is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period is not considered cash and cash equivalents and is classified as restricted cash.

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised at original invoice amount less an allowance for any uncollectable amounts. An allowance for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Available for sale financial assets

Non-derivative financial assets not included in the above categories are classified as available for sale and comprise principally the Group's strategic investments in entities not qualifying for subsidiaries, associates or jointly controlled entities. These equity investments are intended to be held by the Group for an indefinite period of time. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised in other comprehensive income and debited or credited to the available for sale trade investments reserve. Where the fair value cannot be reliably measured, the investment is carried at cost or a lower valuation where the Directors consider the value of the investment to be impaired.

Available for sale investments are included within non-current assets. On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the Income Statement; the costs of such disposed off investments are written off on a first in first out method.

Income from available for sale investments is accounted for in the Income Statement when the right to receive it has been established.

The Group assesses at each reporting date whether there is objective evidence that an investment is impaired. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement – is removed from other comprehensive income and recognised in the Income Statement. Impairment losses on equity investments are not reversed through the Income Statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities and equity

The Group classifies its financial liabilities into one of two categories: fair value through profit and loss or other financial liabilities. The Group has not classified any of its financial liabilities as fair value through profit and loss.

Other financial liabilities comprise trade and other payables and borrowings.

Trade and other payables

Trade and other payables are initially recognised at fair value and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Borrowings

Borrowings are recorded initially at their fair value, plus directly attributable transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the Income Statement over the term of the instrument using an effective rate of interest.

Deferred and contingent consideration

Where it is probable that deferred or contingent consideration is payable on the acquisition of a business based on an earn out arrangement, an estimate of the amount payable is made at the date of acquisition and reviewed regularly thereafter, with any change in the estimated liability being reflected in the Income Statement. Where deferred consideration is payable after more than one year the estimated liability is discounted using an appropriate rate of interest.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. Principal accounting policies continued

1.5 Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Significant judgements in applying the accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Recognition of holdings less than 20% as an associate

The Directors have classified, as an associate, an equity investment where the Company is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

Significant influence is presumed when the Company holds greater than 20% of the voting power of the investee, unless it can be clearly demonstrated that this is not the case. Conversely, if the Company holds less than 20% of the voting power of an investee, it is presumed that the Company does not have significant influence, unless such influence can be clearly demonstrated.

The Company owns 1.91% (2016: 2.32%) of the issued share capital of Red Rock Resources plc. Andrew Bell, Chairman and Chief Executive Officer of the Company, is also a member of the Board and the Executive Chairman of Red Rock Resources plc. In accordance with IAS 28, the Directors of the Company consider this to provide the Group with significant influence as defined by the standard. As such, it continued to recognise Red Rock Resources plc as an associate for the year ended 30 June 2016 despite its shareholding being below 20%. The effect of recognising Red Rock Resources as an available for sale financial asset in the year ended 30 June 2016 would be to decrease the loss by £9,878 and decrease other comprehensive income by £6,364.

As of 1 July 2017, due to dilution of the percentage of shareholding it was decided that Red Rock Resources should be accounted as an available for sale financial asset. Details of such transfer are disclosed in note 12.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined using the Black-Scholes model.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1. Principal accounting policies continued

1.5 Significant accounting judgements, estimates and assumptions

Fair value measurement continued

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Impairment of available for sale financial assets

The Group follows the guidance of IAS 39 to determine when an available for sale financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which fair value of an investment is less than its cost.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Mining share prices typically have more volatility than most other shares and this is taken into account by management when considering if a significant decline in the fair value of its mining investments has occurred. Management would consider that there is a prolonged decline in the fair value of an equity investment when the period of decline in fair value has extended to beyond the expectation management have for the equity investment. This expectation will be influenced particularly by the company development cycle of the investment.

As a result of the Group's evaluation, no impairment (2016: £547,068) on available for sale investments was recognised in the Income Statement.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2. Segmental analysis

As with all natural resource exploration and development ventures yet to generate cash from operations, ensuring adequate cash is available to meet operational obligations and to provide for investment opportunities is critical. This is therefore the main focus of management information presented to the chief operational decision makers, being the Executive Chairman and the Board of Directors.

The only sources of funds are issues of new equity and sales of exploration rights, investments or other assets. Therefore, in addition to monitoring the current market perception of the Company to shareholders, brokers and other possible providers of equity finance, constant attention is paid to:

- available cash;
- the market value of the Group's listed investments.

At 30 June 2017 the Group had cash and cash equivalents of £9,176 [2016: £7,960].

The market value of the most significant of the Group's listed investments, Red Rock Resources plc, at 30 June 2017 was £70,407 [2016: £40,881].

Once the Group's main focus of operations becomes production of natural resources, the nature of management information examined by the Board will alter to reflect the need to monitor revenues, margins, overheads and trade balances, as well as cash.

IFRS 8 requires the reporting of information about the revenues derived from the various areas of activity and the countries in which revenue is earned, regardless of whether this information is used by management in making operating decisions.

2. Segmental analysis continued

Year to 30 June 2017	Investment in Red Rock Resources plc £	Other investments £	Australian exploration £	Corporate and unallocated £	Total £
Revenue					
Management services	—	—	—	113,350	113,350
Gain on dilution of interest in associate	—	—	—	113,350	113,350
Gain on sale of tenements	—	—	55,183	—	55,183
Gain/(loss) on sale of investments	—	—	—	—	—
Exploration expenses	—	—	(930)	—	(930)
Administrative expenses*	—	—	(278)	(464,343)	(464,621)
Currency (loss)/gain	—	—	83,290	(33,612)	49,678
Share of profits in associates	—	—	—	—	—
Impairment of exploration assets	—	—	(229,262)	—	(229,262)
Impairment of available for sale investments	—	—	—	—	—
Finance cost – net	—	—	—	(57,665)	(57,665)
Net (loss) before tax from continuing operations	—	—	(91,997)	(442,270)	(534,267)

Year to 30 June 2016	Investment in Red Rock Resources plc £	Other investments £	Australian exploration £	Corporate and unallocated £	Total £
Revenue					
Management services	—	—	—	24,910	24,910
Gain on dilution of interest in associate	19,325	—	—	—	19,325
Gain on sale of tenements	—	—	(48,049)	—	(48,049)
Gain/(loss) on sale of investments	—	17,880	(104,616)	—	(86,736)
Exploration expenses	—	(658,281)	(611)	—	(658,892)
Administrative expenses*	—	—	84,526	(679,257)	(594,732)
Share of profits in associates	(48,430)	—	—	—	(48,430)
Impairment of available for sale investments	—	(547,067)	—	—	(547,067)
Finance cost – net	—	—	—	(26,050)	(26,050)
Net (loss) before tax from continuing operations	(29,105)	(1,187,468)	(68,750)	(680,397)	(1,965,722)

* Included in administrative expenses is depreciation charge of £6,197 (2016: £7,453) under Corporate and unallocated.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

2. Segmental analysis continued

Information by geographical area

Presented below is certain information by the geographical area of the Group's activities. Investment sales revenue and exploration property sales revenue are allocated to the location of the asset sold.

Year to 30 June 2017	UK £	Australia £	Papua New Guinea £	Other £	Total £
Revenue					
Management services	113,350	—	—	—	113,350
Gain on sale of tenements	—	55,183	—	—	55,183
Loss on sale of investments	—	—	—	—	—
Total segment revenue	113,350	55,183	—	—	168,533
Non-current assets					
Investments in associates and joint ventures	15,811	—	1,622,302	828,160	2,466,273
Property, plant and equipment	15,520	—	—	—	15,520
Available for sale financial assets	1,183,025	260,682	—	—	1,443,707
Exploration assets	—	—	—	40,402	40,402
Total segment non-current assets	1,214,356	260,682	1,622,302	868,562	3,965,902
Year to 30 June 2016	UK £	Australia £	Papua New Guinea £	Other £	Total £
Revenue					
Management services	24,910	—	—	—	24,910
Gain on sale of tenements	—	(48,049)	—	—	(48,049)
Loss on sale of investments	—	(74,526)	—	—	(74,526)
Total segment revenue	24,910	(122,575)	—	—	(97,665)
Non-current assets					
Investments in associates and joint ventures	15,811	—	1,622,302	—	1,638,113
Property, plant and equipment	21,717	—	—	—	21,717
Available for sale financial assets	932,085	215,375	—	—	1,147,460
Exploration assets	—	175,527	—	58,375	233,901
Total segment non-current assets	969,613	390,902	1,622,302	58,375	3,041,191

3. Loss on ordinary activities before taxation

Group	2017 £	2016 £
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
fees payable to the Company's auditor for the audit of consolidated and Company financial statements	16,000	15,000
fees payable to subsidiary auditors for the audit of subsidiary financial statements	—	2,294
Depreciation	6,197	7,453
Directors' emoluments (note 7)	257,967	214,955
Share-based payments – Directors	87,340	39,392
Share-based payments – staff	4,019	8,603

As declared in note 7, Directors are remunerated in part by third parties with whom the Company and Group have contractual arrangements.

4. Finance costs, net

	2017 £	2016 £
Interest expense	(57,665)	(41,919)
Interest income	—	15,869
	(57,665)	(26,050)

5. Taxation

	2017 £	2016 £
Current period taxation of the Group		
UK corporation tax at 20.00% (2016: 20.00%) on profits for the period	—	—
Deferred tax		
Origination and reversal of temporary differences	—	—
Deferred tax assets derecognised	—	—
Tax (credit)	—	—
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(534,267)	(1,965,722)
Loss on ordinary activities at the average UK standard rate of 19.75% (2016: 20.00%)	(105,518)	(393,144)
Impact of subsidiaries and associates	—	5,943
Effect of non-deductible expense	45,279	241,070
Effect of tax benefit of losses carried forward	60,239	146,131
Current tax (credit)	—	—

Finance Act 2013 set the main rate of corporation tax at 20% from 1 April 2016 and at 19% from 1 April 2017.

6. Staff costs

The aggregate employment costs of staff (including Directors) for the year was:

	2017 £	2016 £
Wages and salaries	163,900	211,646
Severance costs	—	14,679
Pension	10,201	12,704
Social security costs	15,189	17,953
Employee share-based payment charge	91,359	47,995
Total staff costs	280,649	304,977

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

6. Staff costs continued

The average number of Group employees (including Directors) during the year was:

	2017 Number	2016 Number
Executives	3	3
Administration	1	1
Exploration	—	—
	4	4

The Company's staff are employed both by the Company and Red Rock Resources plc ("Red Rock"). During the year, staff costs of £nil (2016: £34,151) were recharged to Red Rock. Such recharges are offset against administration expenses in the Income Statement.

During the year, for all Directors and employees who have been employed for more than three months, the Company contributed to a defined contributions pension scheme as described under Directors' remuneration in the Directors' Report and a Share Incentive Plan ("SIP") as described under Management incentives in the Directors' Report.

7. Directors' emoluments

2017	Directors' fees £	Consultancy fees £	Share Incentive Plan £	Share-based payments (options) £	Pension contributions £	Social security costs £	Total £
Executive Directors							
A R M Bell	49,800	15,000	15,141	21,935	3,700	4,227	109,803
S Kaintz	66,800	—	15,141	20,217	3,907	7,196	113,261
Non-executive Directors							
E Bugnosen	18,000	—	14,564	333	1,002	1,005	34,904
	134,600	15,000	44,846	42,485	8,609	12,428	257,968

2016	Directors' fees £	Consultancy fees £	Share-based payments £	Share-based payments (options) £	Pension contributions £	Social security costs £	Total £
Executive Directors							
A R M Bell	48,000	15,000	7,200	9,433	3,485	3,156	86,274
S Kaintz	65,000	—	7,200	9,433	3,284	6,468	91,385
Non-executive Directors							
E Bugnosen	18,000	—	7,050	1,785	934	1,006	28,775
J M E Lee (resigned 30 Sept 16)	4,500	—	—	—	—	(156)	4,344
J Watkins (resigned 15 Sept 16)	4,500	—	—	—	—	(322)	4,178
	140,000	15,000	21,450	20,651	7,703	10,152	214,956

The number of Directors who exercised share options in the year was nil (2016: nil).

During the year, the Company contributed to a Share Incentive Plan more fully described in the Directors' Report on pages 18 to 20. 1,371,428 free shares (2016: 2,850,416 free shares) were issued to each employee, including Directors, making a total of 3,870,248 (2016: 5,356,296) free and matching shares issued in relation to services provided by those employees during the reporting year.

The Company also operates a contributory pension scheme more fully described in the remuneration details on page 19.

8. Loss per share

The basic loss per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue.

Diluted loss per share is derived by dividing the loss for the year attributable to ordinary shareholders of the Parent by the weighted average number of shares in issue plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the loss and share data used in the basic and diluted loss per share computations:

	2017	2016
Loss attributable to equity holders of the Parent	£(534,267)	£(1,965,722)
Weighted average number of ordinary shares of £0.0001 (2016: £0.0001) in issue	398,184,727	163,621,119
Loss per share – basic	(0.13) pence	(1.20) pence
Weighted average number of ordinary shares of £0.0001 (2016: £0.0001) in issue inclusive of dilutive outstanding options	398,184,727	163,621,119
Loss per share – fully diluted	(0.13) pence	(1.20) pence

The weighted average number of shares issued for the purposes of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:

	2017	2016
	£	£
Loss per share denominator	398,184,727	163,621,119
Weighted average number of dilutive share options	—	—
Diluted loss per share denominator	398,184,727	163,621,119

In accordance with IAS 33, the diluted EPS is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares. The effects of all the instruments in issue by the Group at 30 June 2017 are anti-dilutive (2016: all anti-dilutive) and all anti-dilutive potential ordinary shares are ignored in calculating diluted EPS. The details of all anti-dilutive warrants and options in issue are disclosed in note 17 and note 18 respectively.

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FOR THE YEAR ENDED 30 JUNE 2017

9. Property, plant and equipment

Group and Company	Leasehold improvements £	Office furniture and equipment £	Total £
Cost			
At 1 July 2015	14,822	124,370	139,192
Additions	18,000	2,342	20,342
Disposals	—	—	—
Currency exchange	—	—	—
At 30 June 2016	32,822	126,712	159,534
Additions	—	—	—
At 30 June 2017	32,822	126,712	159,534
Depreciation			
At 1 July 2015	(14,822)	(115,542)	(130,364)
Charge	(600)	(6,853)	(7,453)
Currency exchange	—	—	—
At 30 June 2016	(15,422)	(122,395)	(137,817)
Charge	(3,900)	(2,297)	(6,197)
At 30 June 2017	(19,322)	(124,692)	(144,014)
Net book value			
At 30 June 2017	13,500	2,020	15,520
At 30 June 2016	17,400	4,317	21,717

10. Investments in subsidiaries

Company	£
Cost	
At 30 June 2017 and 2016	482
Impairment	
At 30 June 2017 and 2016	—
Net carrying value	
Net book amount at 30 June 2017 and 2016	482

The Parent Company of the Group holds more than 50% of the share capital of the following companies, the results of which are consolidated:

Company	Country of registration	Class	Proportion held by Group	Nature of business
Regency Mines Australasia Pty Limited	Australia	Ordinary	100%	Mineral exploration
Regency Resources Inc	USA	Ordinary	100%	Natural resources

11. Investments in associates and joint ventures

Carrying balance	Group £	Company £
At 30 June 2015	1,660,854	1,827,454
Additions	—	—
Impairment	—	(72,678)
Loss on dilution of interest	19,325	—
Share of total comprehensive loss for the year	(42,066)	—
At 30 June 2016	1,638,113	1,754,776
Additions	1,928,134	1,928,131
Impairment	—	—
Transferred to available for sale investments	(40,881)	(40,881)
Gain on re-translation from functional into Group presentation currency	60,391	60,391
Net book amount at 30 June 2017	3,585,757	3,702,417

The Parent Company of the Group, as at 30 June 2017, had a significant influence by virtue other than a shareholding of over 20% or had joint control through a joint venture contractual arrangement in the following companies:

Name	Country of registration	Class	Proportion held by Group	Accounting year end
Direct				
Carbon Minerals Corporation*	USA	Ordinary	20%	31 December 2017
Vali Carbon Corporation*	USA	Ordinary	20%	31 December 2017
Oro Nickel Limited*	Papua New Guinea	Ordinary	50%	30 June 2017

*These entities have not yet completed financial statements at the time of preparation of the financial statements of Regency Mines plc. Financial statements will be available after the accounting year end of the entities.

The Parent Company of the Group, as at 30 June 2016, had a significant influence by virtue other than a shareholding of over 20% or had joint control through a joint venture contractual arrangement in the following companies:

Name	Country of registration	Class	Proportion held by Group 2017	Proportion held by Group 2016	Accounting year end
Direct					
Red Rock Resources plc	England and Wales	Ordinary	1.91%	2.32%	30 June 2017
Oro Nickel Limited	Papua New Guinea	Ordinary	50.00%	50.00%	30 June 2017

As of 1 July 2017, a decision was taken that Red Rock Resources, an AIM listed company, accounted as associate up until 30 June 2016, should be carried in the accounts as available for sale financial asset. The market value of shares at the date of transfer was £40,881.

Summarised financial information for the Company's associates and joint ventures, where available, as at 30 June 2017 is given below:

Name	For the year ended 30 June 2017			As at 30 June 2017	
	Revenue £	Loss £	Total comprehensive expense £	Assets £	Liabilities £
Red Rock Resources plc	—	(283,280)	(106,089)	10,538,727	(1,911,492)

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FOR THE YEAR ENDED 30 JUNE 2017

12. Available for sale financial assets

	Group £	Company £
Carrying value		
At 30 June 2015	995,011	909,749
Additions during the year	674,498	674,498
Disposals during the year	(227,894)	(142,632)
Impairments during the year	(478,452)	(478,452)
Revaluation	184,297	184,297
Value at 30 June 2016	1,147,460	1,147,460
Additions during the year	145,127	135,278
Transfer from investment in associates (note 11)	40,881	40,881
Revaluation	110,239	110,239
Value at 30 June 2017	1,443,707	1,433,858

The value of the Company's investment in Horse Hill Developments Ltd ("HHDL") has been increased during the year based on transactions that occurred in shares of the entity during the year. However, it is important to note that shares in HHDL remain unlisted and thus valuations are based on a relatively small number of transactions between arm's length buyers. See note 20 for additional details of listed and unlisted AFS assets.

13. Exploration assets

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Cost				
At 30 June	2,785,118	2,540,744	1,050,372	1,014,073
Additions during the year	594	37,771	—	36,299
Disposals in the year	[2,321]	—	—	—
Exchange gains	111,446	206,603	—	—
At 30 June	2,894,837	2,785,118	1,050,372	1,014,073
Impairment				
At 30 June	[2,551,218]	[1,711,593]	[1,009,970]	[351,689]
Impairments recognised in the year	[229,262]	[658,281]	—	(658,281)
Disposals in the year	—	—	—	—
Exchange gains	[73,955]	(181,344)	—	—
At 30 June	(2,854,435)	(2,551,218)	(1,009,970)	(351,689)
Net book value				
At 30 June 2017	40,402	233,900	40,402	40,402
At 30 June 2016	233,900	829,151	40,402	40,402

14. Trade and other receivables

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Non-current				
Amounts owed by Group undertakings	—	—	805,274	801,546
Amounts owed by related parties				
due from associates and joint ventures	1,239,779	1,202,312	1,239,779	1,202,312
Total	1,239,779	1,202,312	2,045,053	2,003,858
Current				
Sundry debtors	66,170	222,617	65,912	164,257
Prepayments	44,111	35,232	44,111	35,232
Amounts owed by related parties				
due from associates and joint ventures	—	86,966	—	86,966
due from key management	6,263	—	6,263	—
Total	116,544	344,815	116,286	286,455

15. Trade and other payables

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Trade and other payables	330,179	387,467	319,907	383,353
Accruals	71,455	221,663	71,457	221,663
Amounts due to related parties:				
due to associates	—	—	—	—
due to key management	—	10,009	—	10,009
Trade and other payables	401,634	619,139	391,364	615,025
Short-term borrowings	771,087	282,299	771,087	282,299
Total	1,172,721	901,438	1,162,451	897,324

Trade and other payables include a balance of £118,015 (2016: nil) owing to Red Rock Resources Plc, a related party entity as a result of same directorship.

YA II PN Limited

A short-term loan of £771,087 (2016: nil) was provided by YA II PN Limited. Interest on the balance of this loan is charged at a rate of 12% per annum. Repayments are made either in cash or by issue of shares in the Company in line with the terms of the agreement.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

16. Reserves

Share premium

The share premium account represents the excess of consideration received for shares issued above their nominal value net of transaction costs.

Foreign currency translation reserve

The translation reserve represents the exchange gains and losses that have arisen on the retranslation of overseas operations.

Retained earnings

Retained earnings represent the cumulative profit and loss net of distributions to owners.

Available for sale financial asset reserve

The available for sale financial asset reserve represents the cumulative revaluation gains and losses in respect of available for sale trade investments.

Associate investment reserve

The associate investments reserve represents the cumulative share of gains/losses of associates recognised in the Statement of Other Comprehensive Income.

Share-based payment reserve

The share-based payment reserve represents the cumulative charge for options granted, still outstanding and not exercised.

17. Share capital of the Company

The share capital of the Company is as follows:

	2017 £	2016 £
Issued and fully paid		
576,491,064 (2016: 252,384,571) ordinary shares of £0.0001 each	57,650	25,239
1,788,918,926 deferred shares of £0.0009 each	1,610,027	1,610,027
2,497,434,980 A deferred shares of £0.000095 each	237,256	237,256
As at 30 June	1,904,933	1,872,522
 Movement in ordinary shares		Nominal £
As at 30 June 2015 – ordinary shares of £0.0001 each	2,052,990,373	205,299
Issued 20 August 2015 at £0.00045 per share	444,444,600	44,444
Issued 17 December 2015 at £0.0001 per share	7	0
As at 23 December 2015, pre-share re-organisation	2,497,434,980	249,743
23 December 2015, Share Re-organisation (see below)		
Issue of deferred shares of £0.000095 each	(2,497,434,980)	(237,256)
Issue of new ordinary shares of £0.000005 each	(2,497,434,980)	(12,487)
Share consolidation: 1 new ordinary share of £0.0001 for 20 ordinary shares of £0.000005	124,871,749	12,487
Issued 06 January 2016 at £0.00525 per share	2,285,712	229
Issued 22 February 2016 at £0.00325 per share	54,236,919	5,424
Issued 10 March 2016 at £0.006 per share	66,666,667	6,667
Issued 01 April 2016 at £0.00425 per share	4,323,524	432
As at 30 June 2016 – ordinary shares of £0.0001 each	252,384,571	25,239
Issued 30 August 2016 at £0.004 per share	65,625,000	6,563
Issued 13 October 2016 at £0.004 per share	9,375,000	937
Issued 20 December 2016 at £0.004 per share	52,500,000	5,250
Issued 18 January 2017 at £0.004 per share	15,000,000	1,500
Issued 20 January 2017 at £0.004 per share	12,500,000	1,250
Issued 08 February 2017 at £0.005 per share	21,000,000	2,100
Issued 22 February 2017 at £0.0065 per share	11,538,461	1,154
Issued 28 February 2017 at £0.008 per share	18,125,000	1,812
Issued 01 March 2017 at £0.0039 per share	17,898,183	1,790
Issued 13 March 2017 at £0.013 per share	576,923	58
Issued 20 March 2017 at £0.008 per share	625,000	63
Issued 21 March 2017 at £0.008 per share	4,000,000	400
Issued 27 March 2017 at £0.008 per share	3,750,000	375
Issued 03 April 2017 at £0.01 per share	32,020,493	3,202
Issued 04 April 2017 at £0.0105 per share	5,119,658	512
Issued 10 April 2017 at £0.008 per share	500,000	50
Issued 21 April 2017 at £0.008 per share	2,175,000	217
Issued 03 May 2017 at £0.009 per share	33,999,996	3,400
Issued 05 May 2017 at £0.009 per share	17,777,779	1,778
As at 30 June 2017 – ordinary shares of £0.0001 each	576,491,064	57,650

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

17. Share capital of the Company continued

Share re-organisation

At a shareholders meeting on 23 December 2015, the Company's shareholders approved a re-organisation of the company's shares which resulted in three classes of shares thereafter, being:

- Ordinary shares with a nominal value of 0.01 pence, which will continue as the company's listed securities
- Deferred shares with a value of 0.09 pence
- A Deferred shares with a value of 0.0095 pence

Subject to the provisions of the Companies Act 2006, the deferred shares may be cancelled by the Company, or bought back for £1 and then cancelled. These deferred shares are not quoted and carry no rights whatsoever.

At 30 June 2017, the Company had 236,685,670 warrants in issue (2016: 11,111,111) with exercise price ranging £0.0039-£0.018 (2016: £0.01-£0.013). All the warrants are issued by the Group to its shareholders in the capacity of shareholders and therefore are outside of IFRS 2 scope. Details on the warrants issues during the year are disclosed in the note 21.

Capital management

Management controls the capital of the Group in order to control risks, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

18. Share-based payments

Employee share options

In prior years, the Company established an employee share option plan to enable the issue of options as part of the remuneration of key management personnel and Directors to enable them to purchase ordinary shares in the Company. Under IFRS 2 "Share-based Payments", the Company determines the fair value of the options issued to Directors and employees as remuneration and recognises the amount as an expense in the Income Statement with a corresponding increase in equity.

At 30 June 2017, the Company had outstanding options to subscribe for ordinary shares as follows:

	Options issued 14 June 2016 exercisable at 0.45 pence per share expiring 29 January 2022 Number	Options issued 9 September 2016 exercisable at 0.8p per share, expiring on 9 September 2022 Number	Total number
A R M Bell	2,960,000	10,400,000	13,360,000
S Kaintz	2,820,000	9,600,000	12,420,000
E Bugnosen	560,000	—	560,000
Employees	720,000	—	720,000
Total	7,060,000	20,000,000	27,060,000

Company and Group	2017		2016	
	Number of options Number	Weighted average exercise price Pence	Number of options Number	Weighted average exercise price Pence
Outstanding at the beginning of the period	7,060,000	0.45	13,200,000	3.00
Granted during the year	20,000,000	0.80	7,060,000	0.45
Cancelled during the year	—	—	(13,200,000)	3.00
Outstanding at the end of the period	27,060,000	0.71	7,060,000	0.45

During the financial year 20,000,000 options were issued at an exercise price of 0.8 pence and they expire on 9 September 2022. The options were granted in four tranches; the first tranche vested immediately and the other three tranches had time and market performance vesting conditions (2016: 7,060,000 options at an exercise price of 0.45 pence, expiring on 29 January 2022, granted in four tranches; the first vested immediately and the other three had time and market vesting conditions).

The weighted average fair value of each option granted during the year was 0.244 pence (2016: 0.169 pence).

The exercise price of options outstanding at 30 June 2017 ranged between 0.45p and 0.8p (2016: 0.45p). Their weighted average contractual life was 5.014 years (2016: 5.63 years).

Of the total number of options outstanding at 30 June 2017, 15,330,000 (2016: 1,800,000) had vested and were exercisable.

The weighted average share price (at the date of exercise) of options exercised during the year was nil (2016: nil) as no options were exercised.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

18. Share-based payments continued

The following information is relevant in the determination of the fair value of options granted during the year under equity-settled share based remuneration schemes:

	Granted on 9 September 2017	Granted on 14 June 2017
	Black-Scholes model	Black-Scholes model
Option pricing model used		
Weighted average share price at grant date, pence	0.55	0.35
Exercise price, pence	0.80	0.45
Weighted average contractual life, months	62.00	55.00
Expected volatility, %	58.843	61.986
Expected dividend growth rate, %	0	0
Risk-free interest rate, %	0.309	0.679

Share-based remuneration expense related to the share options grant is included in the administrative expenses line in the Consolidated Income Statement in the amount of £42,912 (2016: £22,945).

Share Incentive Plan

In January 2012 the Company implemented a tax efficient Share Incentive Plan, a government approved scheme, the terms of which provide for an equal reward to every employee, including Directors, who has served for three months or more at the time of issue. The terms of the plan provide for:

- each employee to be given the right to subscribe any amount up to £150 per month with Trustees who invest the monies in the Company's shares;
- the Company to match the employee's investment by contributing an amount equal to double the employee's investment ("matching shares"); and
- the Company to award free shares to a maximum of £3,600 per employee per annum.

The subscriptions remain free of taxation and national insurance if held for five years.

All such shares are held by SIP Trustees and the ordinary shares cannot be released to participants until five years after the date of the award.

During the financial year, a total of 3,870,248 free and matching shares were awarded (2016: 5,356,296) with a fair value of 1.05 pence (2016: 0.425-0.525 pence) resulting in a share-based payment charge of £48,446 (2016: £25,050), included in the administrative expenses line in the Consolidated Income Statement.

19. Cash and cash equivalents

	30 June 2017 £	30 June 2016 £
Group		
Cash in hand and at bank	9,176	7,960
Company		
Cash in hand and at bank	8,125	6,626

20. Financial instruments

20.1 Categories of financial instruments

The Group and Company holds a number of financial instruments, including bank deposits, short-term investments, loans and receivables and trade payables.

The carrying amounts for each category of financial instrument, measured in accordance with IAS 39 as detailed in the accounting policies, are as follows:

	30 June 2017 £	30 June 2016 £
Group		
FINANCIAL ASSETS		
Available for sale financial assets at fair value through other comprehensive income		
Quoted equity shares	128,332	7,587
Unquoted equity shares	1,315,375	1,139,873
Total available for sale financial assets	1,443,707	1,147,460
Loans and receivables		
Trade and other receivables	1,356,323	1,547,127
Total financial assets	2,800,030	2,694,587
Total current	116,544	344,815
Total non-current	2,683,486	2,349,772
 Company		
FINANCIAL ASSETS		
Available for sale financial assets at fair value through other comprehensive income		
Quoted equity shares	118,485	7,587
Unquoted equity shares	1,315,375	1,139,873
Total available for sale financial assets	1,433,860	1,147,460
Loans and receivables		
Trade and other receivables	2,161,339	2,290,313
Total financial assets	3,595,199	3,437,773
Total current	116,286	286,455
Total non-current	3,478,913	3,151,318

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

20. Financial instruments continued

20.1 Categories of financial instruments continued

Available for sale financial assets valued at cost or using valuation techniques other than observable market value

As at 30 June 2017, £1,315,372 (2016: £1,139,873) of the Group's available for sale financial assets are valued at cost less impairment due to the investment being privately held and no quoted market price information is available, or valued using valuation techniques other than observable market price.

The Group's investment in Direct Nickel Ltd at 30 June 2017 was carried at cost less impairment and valued at £215,375 (2016: £215,375). There is currently no intention to dispose of this investment in the foreseeable future.

In the comparative year the Group made a cash and share investment of £445,000 in Horse Hill Developments. At the year end, and based on the most recent transactions, this investment has been revalued to £850,000 (2016: revalued to £749,498). The revaluation was done base on a single sale transaction of 1.9% shares in Horse Hill Developments on 10 July 2017 with all the details available on the Company's website.

During the year the Group made an additional cash investment of £75,000 in Westport Energy Plc, which brought the value of its investment to £250,000 (2016: £175,000). This investment is currently held at cost. The investee was renamed during the year into Curzon Energy Plc, and its shares were admitted to trading on the Standard Listing of the LSE on 4 October 2017.

Financial instruments held at cost less impairment or valued using other valuation techniques can be reconciled from beginning to ending balances as follows:

	Unlisted investments at cost	
	2017 £	2016 £
Group and Company		
Brought forward	1,139,873	762,439
Additions	75,000	671,590
Revaluation	100,499	184,297
Impairment	—	(478,453)
Carried forward	1,315,372	1,139,873
Group	30 June 2017 £	30 June 2016 £
Financial liabilities		
Loans and borrowings		
Trade and other payables	401,634	619,139
Short-term borrowings	771,087	282,299
Total financial liabilities	1,172,721	901,438
Total current	1,172,721	901,438
Total non-current	—	—

Current financial liabilities in the Company are lower than those of the Group, due to trade and other payables in subsidiary companies.

Trade receivables and trade payables

Management assessed that other receivables and trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Borrowings

The carrying value of interest-bearing loans and borrowings is determined by calculating present values at the reporting date, using the issuer's borrowing rate.

20. Financial instruments continued

20.2 Fair values

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The carrying amount of the Group and Company's financial assets and liabilities is not materially different to their fair value. The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Where a quoted price in an active market is available, the fair value is based on the quoted price at the end of the reporting period. In the absence of a quoted price in an active market, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities:

Group	Level 1 £	Level 2 £	Level 3 £	Total £
30 June 2017				
Available for sale financial assets at fair value through other comprehensive income				
Quoted equity shares	128,332	—	—	128,332
Unquoted equity shares	—	1,315,375	—	1,315,375
30 June 2016				
Available for sale financial assets at fair value through other comprehensive income				
Quoted equity shares	7,587	—	—	7,587
Unquoted equity shares	—	1,139,873	—	1,139,873
Company	Level 1 £	Level 2 £	Level 3 £	Total £
30 June 2017				
Available for sale financial assets at fair value through other comprehensive income				
Quoted equity shares	118,485	—	—	118,485
Unquoted equity shares	—	1,315,375	—	1,315,375
30 June 2016				
Available for sale financial assets at fair value through other comprehensive income				
Quoted equity shares	7,587	—	—	7,587
Unquoted equity shares	—	1,139,873	—	1,139,873

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

20. Financial instruments continued

20.3 Financial risk management policies

The Directors monitor the Group's financial risk management policies and exposures and approve financial transactions.

The Directors' overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk and market risk consisting of interest rate risk, liquidity risk, equity price risk and foreign exchange risk.

Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial liability of significant customers and counterparties), ensuring, to the extent possible, that customers and counterparties to transactions are of sound creditworthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the Directors have otherwise cleared as being financially sound.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in note 14.

There are no amounts of collateral held as security in respect of trade and other receivables.

The consolidated Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated Group.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources; and
- maintaining a reputable credit profile.

The Directors are confident that adequate resources exist to finance operations to commercial exploration and that controls over expenditure are carefully managed. All financial liabilities are due to be settled within the next 12 months.

Market risk

Interest rate risk

The Company is not exposed to any material interest rate risk because interest rates on loans are fixed in advance.

Equity price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities, but also include political, economic, social, technical, environmental and regulatory factors.

Foreign exchange risk

The Group's transactions are carried out in a variety of currencies, including Australian Dollar, Canadian Dollar, Papua New Guinea Kina and UK Sterling.

To mitigate the Group's exposure to foreign currency risk, non-Sterling cash flows are monitored.

21. Significant agreements and transactions

Financing

- On 30 August 2016, the Company raised £300,000 by way of an issue of 75,000,000 new ordinary shares at a price per share of 0.4 pence. Paul Johnson participated in £75,000 of this placing. The Company has also granted Paul Johnson the right to join the Board of the Company upon completion of the full placing. For every one share, each subscriber will be issued with one warrant exercisable at 0.8 pence per share and expiring on 11 March 2019.
- On 14 October 2016 the Company raised £37,500 from the issuance of 9,375,000 new ordinary shares at a price per share of 0.4 pence through the completion of a second tranche of funding to Paul Johnson. Paul Johnson also received 9,375,000 new warrants exercisable at 0.8 pence per share and expiring on 11 March 2019.
- On 20 December 2016 the Company raised £210,000 through the issuance of 52,500,000 shares at a price per share of 0.4 pence. Each participant in the placing received for every share purchased one warrant exercisable at a price of 0.8 pence per share until 19 December 2018.
- On 18 January 2017 the Company raised £60,000 through the issuance of 15,000,000 shares at a price per share of 0.4 pence. Each participant in the placing received for every share purchased one warrant exercisable at a price of 0.8 pence per share until 17 January 2019.
- On 19 January 2017 the Company raised £50,000 through the issuance of 12,500,000 shares at a price per share of 0.4 pence via the Teathers mobile application, which gives qualified private investors access to placings and initial public offerings. Each participant in the placing received for every share purchased one warrant exercisable at a price of 0.8 pence per share until 17 January 2019.
- On 08 February 2017 the Company raised £105,000 through the issuance of 21,000,000 shares at a price per share of 0.5 pence. Each participant in the placing received for every share purchased one warrant exercisable at a price of 0.8 pence per share until 7 February 2019.
- On 22 February 2017 the Company raised £75,000 through the issuance of 11,538,461 shares to Value Generation Limited at a price per share of 0.65 pence. This fundraising was in consideration for an option given to Value Generation Limited to purchase the Company's exploration assets at Motzfeldt, Greenland. Value Generation Limited received for every share purchased one warrant exercisable at a price of 1.3 pence per share until 22 August 2018.
- On 4 April 2017 the Company raised £320,204.93 through the issuance of 32,020,493 shares to Stephen Moscicki at a price per share of 1.0 pence. Stephen Moscicki received for every one share purchased one half warrant exercisable at a price of 1.3 pence per share until 4 October 2018.
- On 2 May 2017 the Company raised £306,000 through the issuance of 33,999,996 shares at a price per share of 0.9 pence. Each participant in the placing received for every share purchased one warrant exercisable at a price of 1.8 pence per share until 1 May 2019. The Company may give notice that should the volume weighted average share price of Regency exceed 10 pence for 10 trading days Regency may give warrant holders 10 days' notice that the warrants must be exercised within a further 24 days or will otherwise lapse.
- On 8 May 2017 the Company raised £160,000 through the issuance of 17,777,779 shares at a price per share of 0.9 pence via the Teathers mobile application, which gives qualified private investors access to placings and initial public offerings. Each participant in the placing received for every share purchased one warrant exercisable at a price of 1.8 pence per share until 07 May 2019.

Sale of interests

- On 20 September 2016, the Company announced the sale of its remaining direct interest of 4% in the tenements comprising the Fraser Range Project in Western Australia to Ram Resource Ltd for a total consideration of AUD100,000. Additionally, the Company was issued the option to purchase 16,666,666 new ordinary shares in Ram Resource Ltd at a price of AUD0.006 per share expiring on 20 September 2020. Regency retains its performance shares and a 1% gross revenue royalty over the tenements.

Restructured investment in Direct Nickel

On 21 October 2016, the Company was informed of a restructuring of the Direct Nickel Group. Previously, the Company held a 6.78% direct stake in Direct Nickel Ltd ("DNI_L"), which held 100% of Direct Nickel Holding Pty Ltd ("DNI_H"), which held 100% shares in Direct Nickel Projects Pty Ltd ("DNI_P"). After the restructuring, the Company owns a 6.78% direct stake in DNI_H which in turn holds 40% of DNI_P and 40% of Direct Nickel Technologies ("DNI_T"), which holds the technology patents and licences. In addition, the Company also owns 0.339% of Planet Minerals Ltd.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

21. Significant agreements and transactions continued

US metallurgical coal investments

- On 25 November 2016 the Company announced a heads of terms to acquire a 20% shareholding in Carbon Minerals Corporation, a Delaware Company, which has entered into an agreement to acquire the Rosa metallurgical coal mine, located in Alabama in the United States. Regency paid an initial non-refundable deposit of £50,000 with a further £200,000 due after completion of due diligence and a shareholders' agreement. On 20 December 2016 the Company announced a fundraising, the purpose of which was to provide funding toward the completion of this acquisition with completion scheduled for 23 December 2016. A further announcement on 10 January 2017 confirmed the completion of the investment.
- On 6 February 2017 the Company announced a further coal investment in the form of an agreement to invest USD150,000 to receive a 20% shareholding in Vali Carbon Corporation, a new Delaware company set up to pursue metallurgical coal investments in the Appalachians in the United States. The co-venturers in Vali Carbon Corporation have agreed to sign a definitive shareholder agreement with normal shareholder protections and an agreed budget for the coming year. Regency retains a put right to UK Carbon Resolutions should this not occur. On 9 March 2017 the Company announced that this investment had been completed and that a new metallurgical coal opportunity within the target Appalachian area had been identified and secured and would be transferred into Vali Carbon Corporation.
- On 16 March 2017 the Company announced a memorandum of agreement for a new coal joint venture in Alabama, in the United States. The memorandum established a joint venture 25% Regency and 75% Mr Stephen Moscicki, to conduct due diligence over a metallurgical coal property of approximately 6,500 acres in north-eastern Alabama. Mr Moscicki had signed an agreement with the vendor of the property and made an initial payment. The two parties will co-operate on a basis of exclusivity while conducting due diligence and finalising detailed terms. Each party would meet its share of costs. On 4 April 2017 the Company announced that a supplementary agreement had been signed between the parties pursuant to which Regency has contributed USD400,000 to the costs of acquisition, permitting and preparation of the property.
- On 28 March 2017 the Company announced the acquisition for nominal consideration of a 20% interest in the Black Creek coal property located in Alabama, in the United States.

Grant of option over Motzfeldt project

On 22 February 2017 the Company announced that it had granted a four-month option to Value Generation Limited ("VGL"), a private company, to acquire 100% interest in licence 2014/01 covering the Motzfeldt intrusive complex in Southern Greenland. As consideration for the option VGL agreed to subscribe for £75,000 of Regency's shares at a price of 0.65 pence with 1 for 1 warrants exercisable at a price of 1.3 pence.

During the option period VGL has the right at any time within the four-month option period to exercise the option for consideration of £350,000 payable in cash. In the event that the option is exercised and Motzfeldt is sold on within the next 18 months Regency is to be granted a 1.25% gross revenue royalty over future production from the licence. If the sale value exceeds £5m, Regency will be paid an additional consideration of £500k and if the sale consideration exceeds £10m, Regency will be paid an additional consideration of £1m.

Share Incentive Plan

On 6 April 2017, the Board of Directors approved the issue of 5,119,658 ordinary shares of 0.01 pence each in the Company under the Company's Share Incentive Plan ("SIP") for the 2016/17 tax year. 1,371,428 free shares, 1,249,410 partnership shares and 2,498,820 matching shares have been awarded with reference to the mid-market closing price of 0.425 pence on 1 April 2016.

22. Commitments

As at 30 June 2017, the Company had entered into the following commitments:

- Exploration commitments: Ongoing exploration expenditure is required to maintain title to the Group mineral exploration permits. No provision has been made in the financial statements for these amounts as the expenditure is expected to be fulfilled in the normal course of the operations of the Group.
- The Company has an existing joint lease agreement with Red Rock Resources plc and Greatland Gold plc relating to Ivybridge House, 1 Adam Street, London WC2N 6LE. The lease is non-cancellable until 1 December 2017 and will be allowed to lapse on that date.

23. Related party transactions

- On 5 April 2013, Regency Mines plc, Red Rock Resources plc, where Andrew Bell currently is a Director, and Greatland Gold plc, where Andrew Bell previously was a Director, entered into a joint lease at Ivybridge House, 1 Adam Street, London WC2N 6LE. The total cost to the Company for these expenses during the year was £121,046 (2016: £110,918), of which £60,523 represented the Company's share of the office rent and the balance services provided (2016: £44,979). The Company planned to let this agreement lapse at expiration on 1 December 2017.
- The costs incurred on behalf of the Company by Regency Mines plc are invoiced at each month end and settled on a quarterly basis. By agreement, the Company pays interest at the rate of 0.5% per month on all balances outstanding at each month end until they are settled. The total charged to Red Rock Resources plc for the year was £15,869 (2015: £16,865).
- Related party receivables and payables are disclosed in notes 14 and 15, respectively.
- The Company held 9,084,760 shares (1.91%) in Red Rock Resources plc as at 30 June 2016.
- The key management personnel are the Directors and their remuneration is disclosed within note 7.

24. Events after the reporting period

Sale of interest

On 10 July 2017, the Company announced the sale of 1.9% of its interest in Horse Hill Developments Ltd, to UK Oil and Gas Plc ("UKOG") for total consideration of £323,000. £268,502 of the total were delivered in UKOG shares and the balance was a cash payment that was applied to Regency's proportionate share of outstanding Horse Hill cash calls. UKOG was also granted a right of first refusal for 18 months over Regency's remaining 3.1% stake in Horse Hill Developments Ltd. The sale was announced as completed on 24 August 2017.

On 18 October 2017, the Company announced the conditional sale of the remainder of its 3.1% interest in Horse Hill Developments Ltd, to Alba Mineral Resources Plc ("Alba") for total consideration of £630,000. Of the consideration 50% was expected to be paid in cash, £315,000 and the balance in Alba shares at a price equal to the volume weighted average price of Alba shares in the 15 days prior to completion.

Completion of the sale was contingent on the satisfaction or waiver by Alba of certain conditions precedent including due diligence in respect of the sale interest and receipt of all required third party consents, approvals and waivers. In particular, UK Oil and Gas retain a first right of refusal which they must exercise within 25 business days of being notified of the proposed sale.

Curzon Energy Plc investment [ex Westport Energy Plc]

On 26 May 2016, the Company announced an investment in Curzon Energy Plc ("Curzon"), a company formed to acquire natural gas operations in the United States. The Company agreed to subscribe for 21,875 new ordinary shares of £1.00 per share of Westport at a price of £8.00 per share for a total consideration of £175,000 in a pre-IPO funding.

On 28 September 2017 the Company announced Curzon Energy Plc's intention to raise gross proceeds of £2.3m and to seek admission of its shares to the Standard Listing segment of the Official List to trade on the London Stock Exchange. Regency further announced its intention to follow its pre-IPO investment with a further £400,000.

On 4 October 2017 Curzon's shares were admitted to trading on the London Stock Exchange and Regency received 6,467,500 new Curzon shares, including a 7% broking fee on its IPO subscription rebated in Curzon shares, and post IPO held a 8.91% stake in Curzon.

Change of broker

On 1 November 2017 the Company announced the appointment of First Equity Limited as broker to the Company with immediate effect.

US Metallurgical Coal Investments

On 24 November 2017 the Company announced that it has paid a refundable advance of £34,800 giving the Company the option to buy the 80% balance of the Rosa Metallurgical Coal Mine owned by Carbon Minerals Corporation, that the Company does not currently own. Regency has a sixty day period in which to carry out due diligence on the mine and complex. Should due diligence prove favourable Regency would be able to acquire the mine, wash plant and other property rights, rights of action, leases, licenses, permits, shareholdings, and other rights including ownership of MCoal Corporation, the direct holder of the assets, for the sum of £250,000.

25. Control

There is considered to be no controlling related party.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Regency Mines plc ("the Company") will be held at We Work Waterhouse Square 138 Holborn, London, EC1N 2SW on 29 December 2017 at 2pm for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1-4 and as a special resolution in the case of resolution 5.

Ordinary Resolutions

1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 30 June 2017.
2. To re-elect Scott Kaintz as a Director of the Company, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election.
3. To re-appoint Chapman Davis LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.
4. That in substitution for all existing and unexercised authorities, the Directors of the company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ('the Act') to exercise all or any of the powers of the company to allot equity securities (within the meaning of Section 560 of the Act) up to a maximum nominal amount of £60,000 provided that this authority shall, unless previously revoked or varied by the company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the Directors of the company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors of the company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

5. That in substitution for all existing and unexercised authorities and subject to the passing of resolution 4, the Directors of the company be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred upon them by resolution 5 as if section 561(1) of the Act did not apply to any such allotment provided that the power conferred by the Resolution, unless previously revoked or varied by special resolution of the company in general meeting, shall be limited:
 - (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interest of all such shareholders are proportionate (as nearly as may be) to the respective numbers of the ordinary shares held by them subject only to such exclusions or other arrangements as the Directors of the company may consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in, any territory;
 - (b) the grant of a right to subscribe for, or to convert any equity securities into Ordinary Shares otherwise than under sub-paragraph;
 - (c) above, up to a maximum aggregate nominal amount of £15,000;
 - (d) to the allotment (otherwise than pursuant to sub-paragraphs (a) and (b) above) of equity securities up to an aggregate nominal amount of £45,000 in respect of any other issues for cash consideration;

and shall expire on the earlier of the date of the next Annual General Meeting of the company or 15 months from the date of the passing of this Resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

A form of proxy is provided.

This may be sent by facsimile transfer to 01252 719 232 or by mail using the reply paid card to: The Company Secretary

Regency Mines plc
c/o Share Registrars Limited The Courtyard
17 West Street
Farnham, Surrey GU9 7DR

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the meeting, or any adjournment thereof.

Registered Office

Third Floor
55 Gower Street
London WC1E 6HQ

By order of the Board

Stephen Ronaldson
Company Secretary
27 November 2017

Registered in England and Wales Number: 5227458

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

- Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the Meeting shall be entitled to attend and vote at the Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a working day.

Appointment of proxies

- If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
- A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
- A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

- The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232; and
 - received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

- In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

- To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 27 November 2017, the Company's issued share capital comprised 576,491,064 ordinary shares of £0.0001 each with voting rights. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 27 November 2017 is 576,491,064.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone Miss Rasa Vaitkute on 020 7747 9960 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

CREST

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com).

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

COMPANY INFORMATION AND ADVISERS

Directors

Andrew R M Bell
Chairman and CEO

Scott C Kaintz

Executive Director and COO

Edmund Sr Bugnosen

Non-executive Director

All of

Regency Mines plc (We Work)
71-91 Aldwych House
London WC2B 4HN

Telephone

020 7747 9960

Secretary

Stephen Ronaldson

Registered office

55 Gower Street
London WC1E 6HQ

Website

www.regency-mines.com

Solicitors

Ronaldsons LLP
55 Gower Street
London WC1E 6HQ

Nominated adviser

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29 Wilson Street
London EC2M 2SJ

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3rd Floor, 14 Hanover Street
London W1S 1YH

Tax advisers

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35-37 Lowlands Road
Harrow-on-the-Hill
Middlesex HA1 3AW

AIM Broker

First Equity Ltd
Salisbury House
156 London Wall
London
EC2M 5QQ

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Registrars

Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR
01252 821390

Registered number

05227458

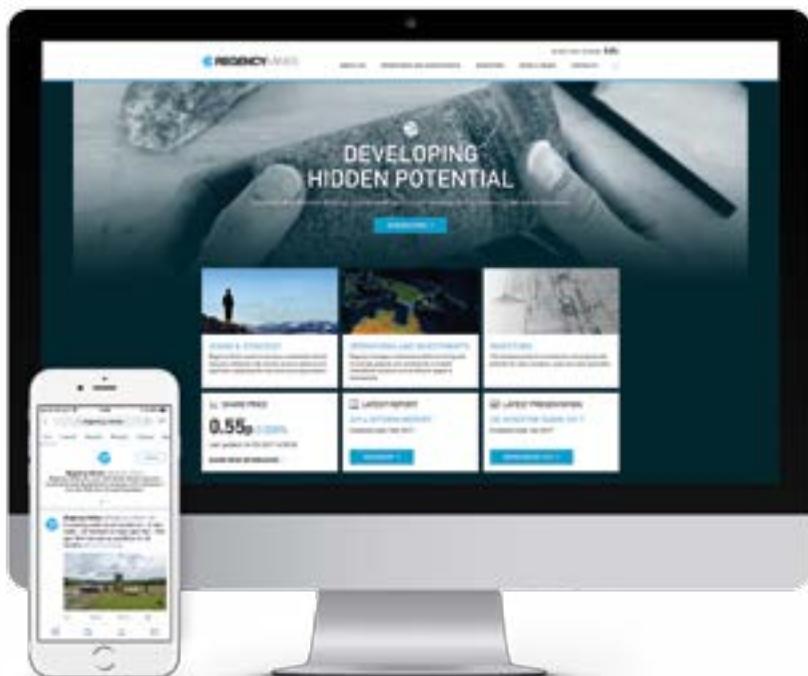
Auditor

Chapman Davis LLP
2 Chapel Court
London SE1 1HH

FURTHER INFORMATION

Regency Mines can be found online at our website, on Twitter and at various investor events throughout the year. We welcome all investor feedback and comments.

www.regency-mines.com



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