Registration number 05227458

Regency Mines plc

Annual report and accounts 2013

Regency Mines Annual Report 2013

Introduction

Regency Mines plc uses its exploration and development expertise to identify, define, finance, and delineate mineral resource deposits It looks for projects globally which have the possibility for large -scale discoveries and, ultimately, significant gains to investors well in excess of Company borrowing costs

Regency also invests in shorter term, lower cost exploration projects in the active and transparent Australian region, where targeted small expenditures can quickly add value and bring follow-on transaction opportunities

Additionally, strategic investments in new mining technologies help position Regency as a flexible and forward-thinking Company willing to take calculated risks where appropriate, with a view towards benefiting from industry-changing developments

Year at a glance

- **Pre-tax loss of £5,166,017**
- **Loss per share of 0.60 pence**
- **Shareholders' equity fell from £10,245,898 to £9,327,246**

Ram Resources Ltd ("Ram")	Direct Nickel ("DNi")	Sudan
• Completion of partial disposal of Fraser Range project to Ram Q4 2013 • Regency Mines maintains 20% holding in the project, and 19 9% interest in Ram including royalty and performance shares • Ram currently conducting exploration activities with drilling planned for 2014	• Pilot plant programme successfully completed Q4 2013 • Testwork data poised to prove DNi process as ready for commercial deployment • Discussions to build full-scale plant in Indonesia with PT Antam in 2014 • DNi seeks to resume trading on the ASX H1 2014	• Four exploration trips completed to date • Concessions with geological correlations with prolific agromineral trends Concession optimisation and expansion in progress • Goal remains to take significant findings and/or mineral resource estimate to attract larger partners • Increasing interest and requirements for agrominerals worldwide buttresses investment thesis

Our strategy

Strategic focus and diversification

Regency's primary focus over the years has been on nickel, the Company has a large nickel laterite project in Papua New Guinea A secondary emphasis has been on base and precious metals opportunities in Australia – a division that has become more exciting in 2013 due to the proximity of one tenement to Sirius' Nova deposit in the Fraser Range area

Having a mix of assets ensures exposure to a wide variety of commodity types and provides a buffer against volatility in individual commodity markets

Scale potential

Both of the Company's two main projects bring with them significant potential for scale and value realisation The Company recognises that its borrowing costs will always demand investments with extremely high rates of return Large scale resource development projects offer the best opportunities to capture the initial value uplift from taking a greenfield project through to a mineral resource estimate and eventual exit

Frontier focussed

Regency has a distinguished track record of exploration, drilling, and resource development in frontier markets Via its nickel development activities in Papua New Guinea, historic investments in Pakistan, and more recent exploration efforts in Sudan, Regency has consistently proven its willingness to operate and explore effectively where others will not The Company feels this maximises the chances for its projects to develop into high-value world class deposits

Transactional

Throughout its history Regency has demonstrated innovative financing and deal structures The latest example of this is the successful deal with Ram Resources Ltd ("Ram") (ASX RMR) in Australia The Company wished to develop its exciting Fraser West tenements but sought to minimise dilution in declining market conditions Rather than attempt to raise capital in depressed markets, a deal was struck with Ram to vend in the Fraser West tenements in exchange for a substantial shareholding and then allow Ram to raise funds to develop the project from relevant ASX investors The transaction has enabled shareholders to receive exposure to the development of this exciting project, whist avoiding significant issuances of new shares

Sudan

Key facts

- Agromineral concessions with potential for potash, phosphate and gypsum
- Farm in option to obtain 51% ownership of licence holder IMRAS available
- Early stage exploration at Jebel Abyad has indicated potential correlations with Mediterranean Phosphate Belt
- Red Sea tenement prospective for potash and gypsum

Exploration partnership

International Mineral Resources (Agrominerals Sudan) ("IMRAS"), is a British and Sudanese-owned exploration company which holds a number of promising agromineral prospects and intends to become the representative agrominerals company in Sudan Regency's technical team is leading the exploration programme across several concession areas prospective for agrominerals Regency holds the right to farm in up to a 51% interest in IMRAS by exploration leading to the development of two JORC resources

Sudan

Prior to the independence of South Sudan in 2011, exploration activities for natural resources focussed mainly on oil and gas The government is now actively promoting and encouraging investment from Western exploration companies in an attempt to diversify and expand the country's industry The resource potential of Sudan is not well known – less than 10% of the country has ever been explored for mineral deposits Regency Mines is working closely with the Ministry of Minerals to maximise positive exploration outcomes, the results of which could benefit not only the Company but also the local economy and Sudan's own agricultural development It is an encouraging sign that Sudan has expanded its natural resource focus and is dedicated to assisting mineral exploration companies in developing its resources

Agrominerals

The Food and Agricultural Organization of the United Nations ("FAO"), estimates that world food production will need to rise by 70% if global population grows significantly by 2050, as expected If the FAO's predictions are correct, the importance of discovering new agromineral resources – phosphate, gypsum and potash in particular, is going to become critical For food yields to increase at the rate projections could demand, essential crop nutrients must be provided

The IMRAS concessions

The main agrominerals currently under investigation are phosphate in the Jebel Abyad concession and potash and gypsum in the Red Sea concession

Extensive reviews by the technical team at Regency Mines have indicated potential geological correlations between the Jebel Abyad sedimentary sequence and the economic phosphate deposits found in the prolific Mediterranean Phosphate Belt This geological formation extends from the Middle East to the west coast of Africa and may contain up to 79% of world phosphate reserves An initial field exploration programme in the Jebel Abyad concession took place in November 2013 with a goal of locating the presence and extent of the Mediterranean phosphate horizons within the sedimentary sequence

A 2013 trip to the Red Sea concession has confirmed the presence of gypsum exposed at surface and work is currently underway to further delineate the extent and thickness of the formation Historic boreholes drilled proximal to the concession area record the presence of potassium-rich salts ("potash") within evaporite sequences at depth The next stage of fieldwork will be to confirm the existence, grade and mineralogy of any potash at surface within the concession area A recent application was made to extend the Red Sea concession in order to include additional areas of interest

Australia

Key facts

- Three tenements in the Fraser Range area, adjacent to Sirius' Nova Deposit
- Partial disposal of Fraser Range into Ram Resources Limited, with Regency maintaining an interest, a royalty, and performance shares
- Further projects in Australia include base metals and graphite in Western Australia, and a gold/copper prospect in Queensland

The Company's main interest in Australia consists of three tenements with an area of 271 sq km in the Fraser Range area These tenements are concentrated along the margin between the Yilgarn craton, which covers most of the southern part of Western Australia, and the Albany-Fraser metamorphic terrane lying to the south and southeast of it

This geological boundary has been the focus of the Company's recent attention and is increasingly a hub of exploration activities by international and Australian mining and exploration companies To the north-east lies the Tropicana gold discovery held by AngloGold Ashanti, and adjacent to Regency's Fraser Range tenements lies the nickel-copper discovery by Sirius Resources These discoveries have opened up the entire area for new exploration models and the performance of some of the participants has attracted significant media attention

Regency Mines sold its interests in its Fraser Range project to Ram Resources Limited ("Ram"), a company listed on the Australian Stock Exchange (ASX RMR) As a result of this transaction, Ram has been able to Australia raise A$1 5 million and intends to carry out exploration and drilling in 2014 Regency is left with a 19 9% interest in Ram, the right to appoint directors, a royalty interest, and a 20% carried interest in the project and performance shares in Ram

Ram has carried out geophysical and geochemical work and identified a number of targets for both gold and base metals Any Ram success in the Fraser Range area would be a powerful stimulant for Regency's own performance

Regency's early identification of the potential of the Yilgarn/Albany-Fraser boundary is an example of the Company's emphasis on opportunistic development and value-enhancing acquisitions

Further to the southwest we have interests in other tenements that are prospective for graphite and other minerals, including tenements adjacent to the Halbert high-grade graphite mine Other tenements held in Australia include a historic gold-copper prospect in Queensland and a prospective base metals area adjacent to a significant recent discovery in Western Australia

Papua New Guinea

Key facts

- Nickel-cobalt laterite deposit in eastern Papua New Guinea, adjacent to the Kokoda Trail
- JORC Resource of 162 5 million tonnes @ 0 94% Ni and 0 09% Co (1 53 million tonnes of nickel)
- Two main licences (nickel, cobalt)
    - EL1390 – Mambare (JORC Resource), 256 sq km
    - EL1753 – Mambare Extension, 204 sq km
- Other licences (geothermal)
    - EL1952 – Mt Lamington, 1,473 sq km
    - EL1953 – Mt Trafalgar, 191 sq km

Partnership/ownership structure

100% owned by Oro Nickel – a joint-venture between Regency Mines plc (50%) and Direct Nickel Ltd (50%) The project is licensed to use Direct Nickel's revolutionary nickel laterite treatment process

Geology

Weathered ultramafic bedrock has formed significant layers of nickel and cobalt bearing lateritic and saprolitic material which is overlain by volcanic ash up to about 6m thick

Project history

- 1960 to 1971 – five exploration phases by five different operators totalling 240 auger holes, 56 test pits and one costean
- 1999 – Anaconda Nickel Inc data compilation and evaluation
- 2006 to present – Regency Mines' joint-venture activities
    - resurveying, resampling and relogging of previous pits and holes,
    - 477 core holes, 57 auger holes, 45 wacker holes and five test pits,
    - ground magnetometer survey,
    - 87km ground penetrating radar survey,
    - airborne magnetics and radiometrics survey,
    - satellite topographic survey

Potential

With <3% of Mambare's 80 sq km 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, the pairing of massive scale and low-cost processing makes a highly compelling value proposition With Direct Nickel's treatment process currently undergoing final refinement test phases joint-venture efforts are focussed on exploring various options to take Mambare forward, including bringing in a major strategic investor, to help deliver the exciting promise the project has on offer

Case study: DNi

DNi is a public company incorporated in Australia (ASX DIR) It is currently demonstrating a potentially revolutionary process with attractive economics for treating laterite nickel ores (the "DNi Process")

DNi are joint venture partners with Regency Mines in the Mambare nickel project, and Regency has a 6 95% shareholding in the company

Case study: Red Rock Resources plc

Red Rock Resources plc is a mineral exploration and production company focussed on the discovery and development of gold and iron ore

The company invests in projects and opportunities where it can enhance the value of the assets through exploration, development and corporate transactions

Red Rock adds value to its projects through activities which include exploration and development, deposit delineation, sales, joint ventures, retention of royalties and transactions

In addition, Red Rock has a core team of experienced technical experts leading project resource definition and expansion

Three main projects demonstrate the company's affinity for operating in frontier markets in order to maximise growth potential – an operating gold mine in Colombia, a JORC Inferred Mineral Resource Estimate of 67mt @ 31 4% iron in Greenland, and a JORC Mineral Resource Estimate of 1 2Moz gold in Kenya

Chairman's statement

Andrew Bell, Chairman and CEO

Summary

- Completion of partial disposal of Fraser Range project to Ram Resources Ltd
- Direct Nickel Ltd pilot plant programme successfully completed
- Four exploration trips to Sudan completed, results pending
- Increase in financial strength of Company

Overview

When we embarked upon this financial year, one performance indicator by which we said we should be measured was an increase in the financial strength of the Company In an unlikely year for this to be realised, we believe that this has in fact been achieved By reducing the Company's borrowings at parent level from £1,591,749 to £527,471 and further since year end, we believe we have accomplished this objective

We have also sold to Ram Resources Limited ("Ram") 80% of our interest in the Fraser Range project in Australia so that the full financial burden of exploration in that environment, where discoveries have tended to be found quite deep underground, does not fall solely upon us Our remaining 19 9% in Ram, and the royalty interest we have retained, are carried interests and therefore cost us nothing, while offering significant upside

We have also responded to the weakness of markets by cutting our costs in various ways One of these has been in the reduction of personnel costs, and sadly this has resulted in the departure of several members of staff, many of whom have been significant contributors in years past Our only substantial field operational costs during the year have been in several phases of exploration in Sudan, which at this early stage have been relatively inexpensive and cost-effective

Elsewhere, our partners at Direct Nickel Limited ("DNi") have conducted a pilot plant process in Perth, Western Australia, on their nickel laterite processing technology Although we are DNi's partners in the Mambare nickel project in Papua New Guinea, with a license to this exciting technology, and shareholders of theirs, the pilot plant testing process over the past year has cost us nothing while positioning DNi to move directly to the first commercial scale plant in 2014

With the completion of the Ram deal, solid progress with the DNi test work, and several successful trips to Sudan, we could say with some confidence that this has been a good if not supremely active year operationally However, it is perhaps understood that neither our shareholders nor our staff will feel exceptionally positive about a year that saw the Company affected by deteriorating sentiment as market conditions declined in the junior exploration sector It is a tribute to the motivation and discipline of our staff that even some of those who have moved on kept working on our projects right up until the end of their notice periods The skills of our dedicated and professional geologists are critical to developing and adding value to our projects, and it is right to pay tribute to them on this occasion

Western Australia

The conclusion of the Fraser Range transaction saw Ram re-launched as a company with its key tenements in the heart of the Fraser Range, one of the most active focal points of exploration activity in Australia at the moment The Sirius Nova base metal discovery in the summer of 2012 is located 25km east of our tenements The Tropicana gold discovery to the north east, made a few years ago, is along the same geological boundary trend These discoveries have transformed this new and relatively unexplored geological environment into potentially the most exciting new frontier in Australia Ram is now beginning further exploration work in this area, which is expected to be followed by drilling

It is no accident that we are present in this area as we have for some time been concentrating on this geological boundary between the Yilgarn craton and the Albany-Fraser metamorphic terrane, along which we have other ground

Although we have other tenements in Australia, held by Regency Mines Australasia Pty Ltd, some of which have potential, these are not considered to be core projects and exploration on them will only be carried out when we have available funds, and to the limited degree necessary to establish whether there is geological potential for a major discovery This incubator unit is unlikely to be a substantial cost to our business, but by positioning ourselves in potentially interesting regions, we may hope to have further successes like that in the Fraser Range

Sudan

Our farm-in to the joint venture with IMRAS brought us into exploration in Sudan The world's demand for phosphate and potash agrominerals will continue to grow as urbanisation increases, populations in the developing world mature and eating patterns change

The increased recognition by mining companies of the future importance of fertilisers may be seen in BHP Billiton's abortive bid for Potash Corporation, and in their recent declaration that potash was to become the fifth pillar of their business As that company's CEO recently put it succinctly to his shareholders, "A rising population and greater economic prosperity will change the patterns of food consumption, requiring higher yields from increasingly constrained arable land "

The three key macro-nutrients in fertilizer are nitrogen, phosphorous and potassium Phosphate is a prime source of phosphorous, and potash a major source of potassium in a readily available form Gypsum, which also contains calcium, can also be used as a fertilizer

The one continent that, at the moment, has an excess of phosphate production over demand is Africa The opportunity to explore for minerals present in neighbouring countries in what used to be – and is still nearly – Africa's biggest country, is one that came to us and we were happy to take Working with the Sudanese government on agrominerals, and being one of the first companies into that country, gives us an insight and a head start in a country that has been mineral rich for millennia but neglected in the modern age

In the last year, we have visited and identified a large gypsum occurrence on the coast, which also has potash potential and that we continue to explore We have eliminated through exploration areas

nearly the size of England, and we have identified phosphate presence in a large new area which, as a result of our early exploration, we subsequently applied for

The trip to this area – Jebel Abyad – is so recent that we still await results, but we have already identified a further nearby area of significant potential that warrants additional attention On this latest trip, we conducted the first part of a programme of traverses across the Jebel Abyad basin and we expect to return, having received the results from initial test work, to complete the programme

Our objective in Sudan is to bring in a major partner after establishing either significant occurrences or mineral resource estimates This will be both to take on the financial burden of future exploration and to provide additional political support The history of agromineral development in this part of the world shows that strategic concerns and resource nationalism, due to sensitivities around food security, have sometimes taken precedence over granted mineral rights Through our partners, we would wish to be in a position to moderate the impact of any such pressures

Papua New Guinea and Direct Nickel Ltd

We knew that the last year was going to be one where we remained in a holding pattern in Papua New Guinea, where we had already delineated a large mineral resource estimate The news flow this year would all come from our partner in the Mambare nickel project, DNi, in which we also have an investment So it has proved to be Twenty four hours a day, seven days a week processing began at the Perth pilot plant of DNi, which is situated at the Commonwealth Scientific and Research Organisation ("CSIRO") facility at Curtin University in Australia in January The last campaigns in this test programme have just ended and results will soon follow All the progress reports issued by DNi during the year have been positive, and we have every reason to expect the announcement of a successful outcome This is important not just for DNi and the joint venture, but for the industry itself, as the DNi process has the potential to be a disruptive technology that will change the economics of the lateritic nickel industry

When we first partnered with DNi, and then when we invested, various investment banks and broking houses that we went to see in London had been promoting and raising money for one or other rival company or technology, and they often seemed dismissive of the DNi technology We believe that it is now generally accepted that the DNi process has real potential and, on conclusion of a successful pilot plant programme, may become the undisputed leading technology in the field The next months will tell whether we got it right with this investment, but at least we have the reassurance of knowing already that we did not get it wrong in that competing technologies have failed to fulfil the expectations held of them

We will continue to support, so far as we are able, our partners at DNi in the further development of their now public company, and in our jointly held project in Papua New Guinea

Future

Having divested from direct involvement in our most valuable Australian asset, we are now down to two primary active projects In one of these, Papua New Guinea, we do not expect any major exploration in the next months We retain a strategic interest in our sister company, Red Rock Resources plc, and in Alba Mineral Resources plc, and are open to new exploration opportunities We believe that our success rate in exploration is one that should give shareholders real confidence as we look to the opportunities that 2014 will bring

Andrew Bell
Chairman and CEO
29 November 2013

Board of Directors

Andrew Bell, *MA, LLB, FGS, Executive Chairman*

Andrew Bell began his career as a natural resources 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 Andrew Bell's listed company directorships are Red Rock Resources plc (executive chairman), Greatland Gold plc (non-executive chairman), Jupiter Mines Limited (non-executive director) and Resource Star Limited (non-executive chairman)

Edmund Bugnosen, *BSc, Non-executive Director*

Edmund Bugnosen has a BSc in Mining Engineering from Adamson University, Philippines and studied Environmental Science at the International Institute of Hydraulics and Environmental Engineering (IHE) in Holland He has worked in both the government and private sectors of the Philippine mining industry Since 1989 he has worked out of the UK as a consultant for governments, mining companies, NGOs and development agencies, including the UN, UNIDO, the World Bank, the EU, ILO, DFID, and the BGS Edmund Bugnosen has also served as Senior Mining Engineer in the Department of Mines and Petroleum of Papua New Guinea and as a Technical Assistant to the Namibian Ministry of Mines and Energy He has published and presented papers on mining laws and regulation, small-scale mining and related environmental, social and development issues

Scott Kaintz, *BS, MBA, Executive Director*

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

Julian Lee, *MA, ACCA, Non-executive Director*

Julian qualified as an accountant with Deloitte & Touche in 1996 Subsequently he worked in corporate finance and venture capital in London and New York He has co-founded a number of companies in the mining exploration, healthcare, life sciences, med-tech and FMCG sectors and is currently CEO of Rex Exploration Limited, an exploration company focussed on gold and coal exploration in Nigeria

John Watkins, *FCA, Non-executive Director*

John Watkins has spent 50 years in the accountancy profession during which time he has been a partner in the firms of Ernst & Young and Neville Russell For the past 16 years he has been involved in a number of new business ventures including biotech, retail, web-based trading and more recently early stage mineral exploration Currently, he is finance director of AIM listed Starvest plc, a non-executive director of Red Rock Resources plc and of Greatland Gold plc and chairman of both Equity Resources plc and Goldcrest Resources plc

Company information and advisers

Directors
Andrew R M Bell
Chairman and CEO
Edmund Sr Bugnosen
Non-executive Director
Scott C Kaintz
Executive Director
Julian M E Lee
Non-executive Director
John Watkins
Non-executive Director

All of
Ivybridge House
1 Adam Street
London WC2 6LE

Telephone
020 7747 9960

Secretary
Andrew Fennell

Registered office
55 Gower Street
London WC1E 6HQ

Website
www regency-mines com

Auditor
Chapman Davis LLP
2 Chapel Court
London SE1 1HH

Solicitors
Ronaldsons LLP
55 Gower Street
London WC1E 6HQ

Nominated adviser
Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Accountants and tax advisers
Baker Tilly Tax and
Accounting Limited
The Clock House
140 London Road
Guildford
Surrey GU1 1UW

AIM Broker
SI Capital Limited
1 High Street
Godalming
Surrey GU7 1AZ

Broker
Beaufort Securities Ltd
131 Finsbury Pavement
London EC2A 1NT

Bankers
Coutts & Co
440 Strand
London WC2R 0QS

Registrars
Share Registrars Limited
Suite E, First Floor
9 Lion & Lamb Yard
Farnham
Surrey GU9 7LL
01252 821390

Registered number
05227458

Directors' report

The Directors present their ninth annual report on the affairs of the Group and Parent Company, together with the Group financial statements for the year ended 30 June 2013

Principal activities and business review

The Company has been established as a mineral exploration and development company focussed principally on exploration for nickel in Papua New Guinea, copper and other minerals in Australia and agro-minerals in Sudan

The Company's objective is to maximise shareholder value both by exploring for minerals and by taking strategic stakes in other mineral exploration ventures The developments during the period are given in the Executive Chairman's Statement

Results and dividends

The Group's results are set out in the Group Income Statement on page 12 The audited financial statements for the year ended 30 June 2013 are set out on pages 11 to 43

The Group made a loss before taxation from continuing operations of £5,166,017 (2012 £2,112,350) and a loss of £5,352,311 after taxation (2012 £2,026,549)

The Directors do not recommend the payment of a dividend

Fundraising and share capital

During the year, £3,327,678 (2012 £907,090) of new equity was raised by the issue of 442,965,674 (2012 51,132,624) new ordinary shares, further details are given in note 19

Principal risks and uncertainties

The management of the business and the execution of the Board's strategy are subject to a number of risks

- exploration is speculative in nature,
- the economic viability of a project is affected by world commodity prices,
- commodity prices are subject to international economic trends, currency fluctuations and consumption patterns, and
- estimates of ore reserves are based on many assumptions and subjective judgements which may change significantly when new information becomes available

Risk management

The Board considers risk assessment to be important in achieving its strategic objectives There is a process of evaluation of performance targets through regular reviews by senior management to forecasts Project milestones and timelines are regularly reviewed Further details of the Group's financial risk management policies can be found in note 22 3

Risks and uncertainties

The principal risks facing the Group and Company are set out below Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system

General and economic risks

General and economic risks include

- contractions in the world's major economies or increases in the rate of inflation resulting from international conditions,
- movements in the equity and share markets in the United Kingdom and throughout the world,
- weakness in global equity and share markets, in particular in the United Kingdom, and adverse changes in market sentiment towards the resource industry,
- currency exchange rate fluctuations and, in particular, the relative prices of Australian Dollar, PNG Kina and the UK Pound,
- exposure to interest rate fluctuations,
- adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry, unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep, variations in grades, and unforeseen adverse geological factors or prolonged weather conditions, and
- mining policy changes due to changes of political leaderships

Funding risk

The Group or the companies in which it has invested may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects

Commodity risk

Commodities are subject to high levels of volatility in price and demand The price of commodities depends on a wide range of factors, most of which are outside the control of the Company Mining, processing and transportation costs also depend on many factors, including commodity prices, capital and operating costs in relation to any operational site

Exploration and development risks

- exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs,
- success in identifying economically recoverable reserves can never be guaranteed The Company also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects,
- some of the countries in which the Company operates have native title laws which could affect exploration and development activities The companies in which the Company has an interest may be required to undertake clean-up programmes on any contamination from their operations or to participate in site rehabilitation programmes which may vary from country to country The Group's policy is to follow all applicable laws and regulations and the Company is not currently aware of any material issues in this regard,
- timely approval of mining permits and operating plans through the respective regulatory agencies cannot be guaranteed,
- availability of skilled workers is an on-going challenge, and
- geology is always a potential risk in mining activities

Market risk

The ability of the Group, and the companies it invests in, to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk

Key performance indicators

Given the pre-production nature of the Group's activities, the Company's Directors are of the opinion that analysis using most key performance indicators is not necessary for an understanding of the development, performance or position of the business at this present time As a mineral exploration business, a most important factor is a steadily improving market perception of the progress and value of the business leading to an improving share price, continued support from shareholders and therefore the ability to raise new equity capital at increasing prices thus minimising dilution for those early investors who bore significant risk Otherwise, the availability of sufficient cash to facilitate continued investment and to fund exploration programmes is essential

Directors

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

Andrew R M Bell
Edmund Sr Bugnosen (Non-executive Director effective 1 August 2013)
Scott C Kaintz
Julian M E Lee
John Watkins

The direct and beneficial interests of the Board in the shares of the Company as at 30 June 2013 were as follows

	Ordinary shares			As percentage
	Direct	Beneficial*	Total	of issued share capital
Andrew R M Bell	28,104,375	9,095,677	37,200,052	3 36%
Edmund Sr Bugnosen	200,000	1,404,534	1,604,534	0 15%
Scott C Kaintz	421,053	1,404,534	1,825,587	0 17%
Julian M E Lee	—	7,012,391	7,012,391	0 63%
John Watkins	4,150,000	1,404,534	5,554,534	0 50%

* Each director indirectly holds 1,404,534 shares held by the Share Incentive Plan Trustees Julian M E Lee has 5,607,857 shares held by HSBC Global Custody Nominee (UK) Limited and Andrew Bell has 7,691,143 shares held by Brewin 1762 Nominees Limited

Charitable and political donations

During the year the Group made no charitable or political contributions

Payment of suppliers

The Company's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them It is usual for suppliers to be paid within 28 days of receipt of invoice At 30 June 2013, the Group's creditors were equivalent to 61 (2012 45) days' costs

Events after the reporting period

Events after the reporting period are set out in note 26 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

In addition to those Directors whose interests are set out on page 4, the following were registered as being interested in 3% or more of the Company's ordinary share capital on 30 June 2013 and 11 November 2013

	30 June 2013		11 November 2013	
	Ordinary shares of £0 001 each	Percentage of issued share capital	Ordinary shares of £0 001 each	Percentage of issued share capital
TD Direct Investing Nominees (Europe) Limited	**217,289,160**	**19 65%**	264,368,056	22 20%
Barclayshare Nominees Limited	**117,919,772**	**10 66%**	136,083,450	11 43%
Hargreaves Lansdown (Nominees) Limited	**66,655,490**	**6 03%**	80,781,543	6 78%
HSDL Nominees Limited	**73,477,630**	**6 64%**	87,880,003	7 38%
Pershing Nominees Limited	**54,919,698**	**4 97%**	—	—
SVS (Nominees) Limited	**40,698,413**	**3 68%**	40,058,014	3 36%
Starvest plc	**34,640,000**	**3 13%**	—	—
L R Nominees Limited	**35,834,087**	**3 24%**	41,457,753	3 48%
Jim Nominees Limited	—	—	64,393,333	5 41%
Investor Nominees Limited	—	—	46,449,156	3 90%
Red Rock Resources plc	**33,900,000**	**3 06%**	—	—
Total shares in issue	**1,106,049,883**		1,191,049,883	

Management incentives

In prior years, the Company has granted options over ordinary shares, of which 18,000,000 remain outstanding at 30 June 2013, all of which are for the benefit of Directors and senior members of staff

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 £125 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 £3,000 per annum

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

In January 2013, the Board authorised options over 60,000,000 of the Company's ordinary shares The options were to have an exercise period of two years from date of grant, expirations between 1 June 2016 and 1 June 2019, and strike prices between £0 015 and £0 045 Of the total, 36,000,000 options were authorised for issue to Executive Directors and 4,000,000 options to Non-executive Directors The remaining 20,000,000 were to be issued at the Board's discretion to key staff and project managers These remained unissued at year end After the year end, all 60,000,000 options were cancelled as the directors determined that this would be in the best interests of the shareholders Management notes that the expense relating to these options of less than £25,000 had not been recorded due to their subsequent cancellation and the value was not deemed material

Further details on share options and Share Incentive Plan are set out in note 20 to the financial statements

Directors' remuneration report

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 2013 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 9% 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 Effective 1 July 2013, the employer pension contribution was reduced to 4 5% from 9%

The Company is closely associated with Red Rock Resources plc, in which the Company has a 11 39% interest as at 30 June 2013 Red Rock Resources plc has 3 06% interest in the Company as at 30 June 2013 Two Directors, Andrew Bell and John Watkins, are also Directors of and receive 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

Corporate governance statement

Corporate governance statement follows on pages 8 to 9

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 on-going success for the business Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, 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 Directors are of the opinion that on-going evaluations of the Group's interests indicate that preparation of the Group's financial statements on a going concern basis is appropriate The key factor for a business such as that of the Group is its ability to continue to fund its exploration and development activities The Group's income has arisen from the provision of management services It is not possible to predict the amount and timing of future income until the Group acquires or develops income-producing assets However, the Group has shareholdings in listed companies, including Red Rock Resources plc, and expects to be able to realise the value of part or all of these holdings should it need to do so The Directors do not anticipate any difficulty in raising new finance from stock markets if this is required during 2014 and the Group has demonstrated a consistent ability to do so as required

Based on the above, the Directors have concluded that there is no material uncertainty that would cast significant doubt upon the Group's and the Company's ability to continue as a going concern The Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the next twelve months from the date of the annual report Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements

By order of the Board

Andrew Bell
Chairman and CEO
29 November 2013

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 However, shareholders expect companies in which they invest to be properly governed and tend to use the UK Corporate Governance Code as a starting point This represents the "gold standard" and is inappropriate for many AIM companies but there is no alternative code

The Company's corporate governance procedures take due regard of the principles of good governance set out in the UK Corporate Governance Code in relation to the size and the stage of development of the Company

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 five Directors, three of whom are Executive Directors as of the year end (two from 1 August 2013), of these, one is Executive Chairman and Chief Executive There is one independent Non-executive Director, being Julian Lee, and one Non-Executive Director who additionally provides professional services to the Company and who therefore does not qualify as independent

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 Directors, maintains 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 2013 the Board met three 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 Julian Lee, independent Non-executive Director, as Chairman and John Watkins, Non-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 the 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 two suitably qualified Non-executive Directors, John Watkins as Chairman and Julian Lee The Executive Chairman 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 The Company has held an open day for shareholders to visit the Company offices and gain an insight into the Company's activities

Independent auditor's report

to the members of Regency Mines plc

We have audited the financial statements of Regency Mines plc for the year ended 30 June 2013 which comprise the Consolidated and Company Statements of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flow and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 June 2013 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Rowan Palmer (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
29 November 2013

Consolidated statement of financial position

as at 30 June 2013

	Notes	30 June 2013 £	30 June 2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	10	**47,539**	54,204
Investments in associates and joint ventures	12	**2,546,222**	4,544,108
Available for sale financial assets	13	**4,343,140**	4,770,250
Exploration assets	14	**1,728,641**	1,572,086
Deferred tax assets	17	**—**	138,162
Total non-current assets		**8,665,542**	11,078,810
Current assets			
Cash and cash equivalents	21	**12,761**	17,849
Trade and other receivables	15	**1,613,272**	1,548,277
Total current assets		**1,626,033**	1,566,126
Total assets		**10,291,575**	12,644,936
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Called up share capital	19	**1,106,050**	663,084
Share premium account		**15,025,276**	12,164,009
Share-based payment reserve		**56,607**	56,607
Other reserves		**(265,324)**	(1,394,750)
Retained earnings		**(6,595,363)**	(1,243,052)
Total equity		**9,327,246**	10,245,898
LIABILITIES			
Current liabilities			
Trade and other payables	16	**436,858**	807,289
Short-term borrowings	16	**527,471**	1,591,749
Total current liabilities		**964,329**	2,399,038
Total equity and liabilities		**10,291,575**	12,644,936

These financial statements on pages 11 to 43 were approved by the Board of Directors and authorised for issue on 29 November 2013 and are signed on its behalf by

Andrew R M Bell
Chairman and CEO

Julian M E Lee
Director

The accompanying notes form an integral part of these financial statements

Consolidated income statement

for the year ended 30 June 2013

	Notes	Year to 30 June 2013 £	Year to 30 June 2012 £
Revenue			
Management services		**112,840**	166,072
Gain on sale of tenements		**149,101**	—
Total revenue		**261,941**	166,072
Loss on dilution of interest in associate		**(438,456)**	(265,811)
Loss on sales of investments		**(348,303)**	(60,097)
Impairment of available for sale financial asset		**(373,480)**	(920,351)
Exploration expenses		**(234,573)**	(245,593)
Administrative expenses (net)		**(1,224,013)**	(1,091,108)
Reclassification of cumulative exchange difference on disposal of subsidiary		—	762,948
Share of losses of associates (net of tax)		**(2,677,748)**	(406,957)
Finance costs, net	4	**(131,385)**	(51,453)
Loss for the year before taxation from continuing operations	3	**(5,166,017)**	(2,112,350)
Tax (charge)/credit	5	**(186,294)**	25,810
Loss for the year from continuing operations		**(5,352,311)**	(2,086,540)
Discontinued operations			
Profit after tax for the year from discontinued operations	8	—	59,991
Loss for the year attributable to owners of the Parent		**(5,352,311)**	(2,026,549)
Loss per share attributable to owners of the Parent			
Loss per share – basic	9	**(0 60) pence**	(0 32) pence
Loss per share – diluted	9	**(0 60) pence**	(0 32) pence

The accompanying notes form an integral part of these financial statements

Consolidated statement of comprehensive income

for the year ended 30 June 2013

	30 June 2013 £	30 June 2012 £
Loss for the year	**(5,352,311)**	(2,026,549)
Deficit on revaluation of available for sale	**(62,950)**	(577,603)
Revaluation reserve of fully-impaired available for sale financial assets transferred to Income Statement as impairment charge	—	76,345
Deferred tax on available for sale financial assets	**48,132**	120,302
Share of other comprehensive income/(expense) of associates	**1,118,318**	(1,992,313)
Reclassification of cumulative exchange difference on disposal of subsidiary	—	(152,921)
Unrealised foreign currency gain/(loss)	**25,926**	(306,124)
Other comprehensive income/(expense) for the year	**1,129,426**	(2,832,314)
Total comprehensive expense for the year attributable to owners of the Parent	**(4,222,885)**	(4,858,863)

The accompanying notes form an integral part of these financial statements

Consolidated statement of changes in equity

for the year ended 30 June 2013

The movements in equity during the period were as follows

	Share capital £	Share premium account £	Retained earnings £	Share based payment reserve £	Other reserves £	Total equity £
As at 30 June 2011	611,952	11,248,428	667,360	172,744	1,437,564	14,138,048
Changes in equity for 2012						
Loss for the year	—	—	(2,026,549)	—	—	(2,026,549)
Other comprehensive expense for the year	—	—	—	—	(2,832,314)	(2,832,314)
Transactions with owners						
Issue of shares	51,132	935,636	—	—	—	986,768
Share issue and fundraising costs	—	(20,055)	—	—	—	(20,055)
Share-based payment transfer	—	—	116,137	(116,137)	—	—
Total transactions with owners	51,132	915,581	116,137	(116,137)	—	966,713
As at 30 June 2012	663,084	12,164,009	(1,243,052)	56,607	(1,394,750)	10,245,898
Changes in equity for 2013						
Loss for the year	—	—	(5,352,311)	—	—	(5,352,311)
Other comprehensive income for the year	—	—	—	—	1,129,426	1,129,426
Transactions with owners						
Issue of shares	442,966	3,006,904	—	—	—	3,449,870
Share issue and fundraising costs	—	(145,637)	—	—	—	(145,637)
Total transactions with owners	**442,966**	**2,861,267**	—	—	—	**3,304,233**
As at 30 June 2013	**1,106,050**	**15,025,276**	**(6,595,363)**	**56,607**	**(265,324)**	**9,327,246**

	Available for sale financial asset reserve £	Associate investments reserve £	Foreign currency translation reserve £	Consolidation reserve £	Total other reserves £
As at 30 June 2011	360,740	416,355	507,548	152,921	1,437,564
Changes in equity for 2012					
Profit for the year	—	—	—	—	—
Other comprehensive expense for the year	(380,956)	(1,992,313)	(306,124)	(152,921)	(2,832,314)
As at 30 June 2012	(20,216)	(1,575,958)	201,424	—	(1,394,750)
Changes in equity for 2013					
Profit for the year	—	—	—	—	—
Other comprehensive (expense)/income for the year	(14,818)	1,118,318	25,926	—	1,129,426
As at 30 June 2013	**(35,034)**	**(457,640)**	**227,350**	—	**(265,324)**

See note 18 for a description of each reserve included above

Consolidated statement of cash flows
for the year ended 30 June 2013

	Year to 30 June 2013 £	Year to 30 June 2012 £
Cash flows from operating activities		
Loss before taxation from continuing operations	**(5,166,016)**	(2,112,350)
Profit before taxation from discontinued operations	**—**	59,991
Loss before taxation	**(5,166,016)**	(2,052,359)
(Increase)/decrease in receivables	**(64,995)**	226,571
(Decrease)/increase in payables	**(370,430)**	831,316
Depreciation	**28,888**	39,392
Reclassification of exchange difference on disposal of subsidiary	**—**	(762,948)
Impairment of exploration properties	**175,038**	197,515
Share-based payments	**122,192**	79,679
Currency losses/(gains)	**136,052**	(16,844)
Finance cost, net	**131,385**	51,453
Share of losses of associate	**2,677,748**	406,957
Loss on sale of investments	**348,303**	60,097
Impairment of available for sale financial assets	**373,480**	920,351
Loss on dilution of interest in associate	**438,456**	265,811
Net cash (outflow)/inflow from operations	**(1,169,899)**	246,991
Cash flows from investing activities		
Interest received	**17,697**	28,410
Proceeds from sale of investments	**270,017**	175,546
Purchase of fixed assets	**(22,240)**	(20,638)
Purchase of available for sale financial assets	**(627,640)**	(314,062)
Exploration costs	**(424,353)**	(1,385,930)
Net cash outflow from investing activities	**(786,519)**	(1,516,674)
Cash inflows from financing activities		
Proceeds from issue of shares	**3,327,678**	907,090
Transaction costs of issue of shares	**(145,637)**	(20,055)
Interest paid	**(149,082)**	(79,863)
Repayment of borrowings	**(1,081,629)**	(625,471)
Net cash inflow from financing activities	**1,951,330**	181,701
Net decrease in cash and cash equivalents	**(5,088)**	(1,087,982)
Cash and cash equivalents at the beginning of period	**17,849**	1,165,912
Cash of subsidiary disposed of	**—**	(60,081)
Cash and cash equivalents at end of period	**12,761**	17,849

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

Registration number 05227458

Company statement of financial position

as at 30 June 2013

	Notes	30 June 2013 £	30 June 2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	10	**47,293**	53,877
Investments in subsidiaries	11	**482**	482
Investments in associates and joint ventures	12	**2,662,969**	2,662,969
Available for sale financial assets	13	**4,343,140**	4,770,250
Exploration assets	14	**248,242**	—
Deferred tax assets	17	**—**	138,162
Total non-current assets		**7,302,126**	7,625,740
Current assets			
Cash and cash equivalents	21	**11,333**	10,151
Trade and other receivables	15	**3,562,012**	3,518,407
Total current assets		**3,573,345**	3,528,558
Total assets		**10,875,471**	11,154,298
EQUITY AND LIABILITIES			
Called up share capital	19	**1,106,050**	663,084
Share premium account		**15,025,276**	12,164,009
Other reserves		**(123,996)**	(29,837)
Retained earnings		**(6,065,040)**	(4,010,605)
Total equity		**9,942,290**	8,786,651
LIABILITIES			
Current liabilities			
Trade and other payables	16	**405,710**	775,898
Short-term borrowings	16	**527,471**	1,591,749
Total current liabilities		**933,181**	2,367,647
Total equity and liabilities		**10,875,471**	11,154,298

These financial statements on pages 11 to 43 were approved by the Board of Directors and authorised for issue on 29 November 2013 and are signed on its behalf by

Andrew R M Bell
Chairman and CEO

Julian M E Lee
Director

The accompanying notes form an integral part of these financial statements

Company statement of changes in equity

for the year ended 30 June 2013

The movements in reserves during the period were as follows

	Share capital £	Share premium account £	Retained earnings £	Other reserves £	Total equity £
As at 30 June 2011	611,952	11,248,428	(2,738,528)	467,256	9,589,108
Changes in equity for 2012					
Loss for the year	—	—	(1,388,214)	—	(1,388,214)
Other comprehensive income for the year	—	—	—	(380,956)	(380,956)
Transactions with owners					
Issue of shares	51,132	935,636	—	—	986,768
Share issue and fundraising costs	—	(20,055)	—	—	(20,055)
Share-based transfer	—	—	116,137	(116,137)	—
Total transactions with owners	51,132	915,581	116,137	(116,137)	966,713
As at 30 June 2012	663,084	12,164,009	(4,010,605)	(29,837)	8,786,651
Changes in equity for 2013					
Loss for the year	—	—	(2,054,435)	—	(2,054,435)
Other comprehensive income for the year	—	—	—	(94,159)	(94,159)
Transactions with owners					
Issue of shares	442,966	3,006,904	—	—	3,449,870
Share issue and fundraising costs	—	(145,637)	—	—	(145,637)
Total transactions with owners	**442,966**	**2,861,267**	**—**	**—**	**3,304,233**
As at 30 June 2013	**1,106,050**	**15,025,276**	**(6,065,040)**	**(123,996)**	**9,942,290**

	Available for sale financial asset reserve £	Share-based payment reserve £	Currency reserve £	Total other reserves £
As at 30 June 2011	292,540	172,744	1,972	467,256
Changes in equity for 2012				
Profit for the year	—	—	—	—
Other comprehensive expense for the year	(380,956)	—	—	(380,956)
Transactions with owners				
Share-based payment transfer	—	(116,137)	—	(116,137)
As at 30 June 2012	(88,416)	56,607	1,972	(29,837)
Changes in equity for 2013				
Profit for the year	—	—	—	—
Other comprehensive income for the year	(94,159)	—	—	(94,159)
As at 30 June 2013	**(182,575)**	**56,607**	**1,972**	**(123,996)**

See note 18 for a description of each reserve included above

Company statement of cash flows

for the year ended 30 June 2013

	Year to 30 June 2013 £	Year to 30 June 2012 £
Cash flows from operating activities		
Loss before taxation	**(1,844,441)**	(1,414,024)
Increase in receivables	**(43,605)**	(845,462)
(Decrease)/increase in payables	**(370,188)**	468,395
Depreciation	**28,824**	39,313
Gain on disposal of subsidiary	**—**	(512,444)
Share-based payments	**122,192**	79,679
Finance cost (net)	**131,385**	51,453
Currency loss	**17,350**	35,992
Loss on sale of investments	**348,303**	60,097
Impairment of available for sale financial assets	**373,480**	920,351
Net cash (outflow) from operations	**(1,236,700)**	(1,116,650)
Cash flows from investing activities		
Interest received	**17,697**	28,410
Payments for exploration costs	**(248,242)**	—
Purchase of fixed assets	**(22,240)**	(20,638)
Purchase of available for sale financial assets	**(730,680)**	(314,062)
Proceeds from sale of investments	**270,017**	175,546
Net cash outflow from investing activities	**(713,448)**	(130,744)
Cash inflows from financing activities		
Proceeds from issue of shares	**3,327,678**	907,090
Transaction costs of issue of shares	**(145,637)**	(20,055)
Interest paid	**(149,082)**	(79,863)
Repayments of borrowings	**(1,081,629)**	(625,471)
Net cash inflow from financing activities	**1,951,330**	181,701
Net increase/(decrease) in cash and cash equivalents	**1,182**	(1,065,693)
Cash and cash equivalents at the beginning of period	**10,151**	1,075,844
Cash and cash equivalents at end of period	**11,333**	10,151

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

Notes to financial statements

for the year ended 30 June 2013

1 Principal accounting policies

1 1 Authorisation of financial statements and statement of compliance with IFRS

The Group financial statements of Regency Mines plc for the year ended 30 June 2013 were authorised for issue by the Board on 29 November 2013 and the Statement of Financial Position signed on the Board's behalf by Andrew Bell and Julian Lee 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

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 £2,054,435 (2012 £1,388,214) The Company's other comprehensive expense for the financial year was £94,159 (2012 £380,956)

Amendments to published standards effective for the year ended 30 June 2013

The following standards have been adopted during the year

- IAS 12 "Income Taxes (Amendment) - Deferred Taxes Recovery of Underlying Assets", and
- IAS 1 "Amendment – Presentation of Items of Other Comprehensive Income"

Although the adoption of these amendments has had no impact on the financial position and performance of the Group, additional disclosures have been provided to comply with the revised standards

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

Adoption of standards and interpretations

As at the date of authorisation of these financial statements, there were standards and interpretations in issue but that are not yet effective and have not been applied in these financial statements, as listed below

Standards, amendments and interpretations in issue but not effective

Effective for annual periods beginning on or after 1 January 2013

- IFRS 13 "Fair Value Measurement",
- IAS 19 "Employee Benefits (revised)", and
- IAS 28 "Investments in Associates and Joint Ventures"

Effective for annual periods beginning on or after 1 January 2014

- IFRS 10 "Consolidated Financial Statements",
- IFRS 11 "Joint Arrangements", and
- IFRS 12 "Disclosure of Interests in Other Entities"

Effective for annual periods beginning on or after 1 January 2015

- IFRS 9 "Financial Instruments Classification and Measurement"

The Directors do not anticipate that the adoption of these standards and interpretations in future periods could have a material effect on the financial position or performance of the Group and Company, other than the introduction of IFRS 10 which could affect the financial position and performance and IFRS 11, IFRS 12 and IAS 28 which are likely to change or increase the level of disclosure required in respect of the Group's investments The Group intends to adopt these standards when they become effective

IFRS 10 is a new standard which establishes principles for the presentation and preparation of consolidated financial statements As a result of its publication, the Directors will be required to consider the application of the revised definition of control to determine whether additional entities will need to be consolidated and whether consolidation is still appropriate for those that currently are

The new definition of control will require the Directors to consider whether the Company has

a) power over the investee,

b) exposure, or rights, to variable returns from involvement with the investee, and

c) the ability to use power over the investee to affect the amount of the investor's returns

The financial effect of such changes on the Group has not yet been reliably estimated However, it is widely expected, irrespective of industry sector and without specific reference to the Group, that the adoption of IFRS 10 is likely to result in more entities being consolidated

1 Principal accounting policies continued

1 2 Basis of preparation continued

Standards, amendments and interpretations in issue but not effective continued

IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly-controlled Entities – Non-monetary Contributions by Venturers" It removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method JCEs under current IAS 31 that will be classified as joint ventures under IFRS 11 will transition from proportionate consolidation to the equity method by aggregating the carrying values previously recorded, testing that amount for impairment and then using that amount as deemed cost for applying the equity method going forward The Group recognises its interest in jointly controlled entity using the equity method of accounting The application of this new standard will not impact the financial position of the Group

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28 These disclosures related to an entity's interests in subsidiaries, joint arrangements, associates and structured entities A number of new disclosures are also required The adoption of IFRS 12 is likely to change or increase the level of disclosure required in respect of the Group's investments

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures" and describes the application of the equity method to investments in joint ventures in addition to associates The application of this new standard will not impact the financial position of the Group

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

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 year ended 30 June 2013, the consolidated financial statements combine those of the Company with those of its subsidiaries, Red Rock Uranium Pty Limited, Regency Mines Australasia Pty Limited and Regency Resources Limited

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 jointly 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 Summary of significant accounting policies continued

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 (Vanuatu) Limited

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

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 are 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 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale In the statement of comprehensive income, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income

1 4 5 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

1 4 Summary of significant accounting policies continued

1 4 6 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 are the Australian Dollar ("AUD") and the Papua New Guinea Kina ("PNG")

Transactions in currencies other than the functional currency of the Company 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 7 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 8 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

Recoupment 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 4 9 Share-based payments

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 statements of income with a corresponding increase in equity reserves – the share-based payment reserve

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 There are no market vesting conditions The exercise price is fixed at the date of grant 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

1 4 10 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

1 4 11 Finance costs/revenue

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

Finance revenue 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 Summary of significant accounting policies continued

1 4 12 Financial instruments

Financial assets and financial liabilities are recognised where the Group has become party to the contractual provisions of the instrument

Financial assets

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

Investments in associate 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

Available for sale financial assets

Equity investments intended to be held for an indefinite period of time are classified as available for sale financial assets 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 financial assets 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 financial assets 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

Income from available for sale financial assets 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

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

Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried 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

After initial recognition these assets are measured at amortised cost using the effective interest method less provision for impairment

Financial liabilities and equity

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

Short-term borrowings

Short-term 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 profit or loss over the term of the instrument using an effective rate of interest

Equity instruments

Equity instruments issued by the Company are recorded at fair value as initial recognition net of issue costs

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

Going concern

As detailed in final paragraph of the Directors' Report, the Directors have complete confidence in their ability to raise further capital and that their efforts will generate sufficient on-going cash to meet the Company's outgoings for the foreseeable future On this basis, the Directors believe it is appropriate to prepare these financial statements on a going concern basis

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 11 39% (2012 16 49%) 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 continues to recognise Red Rock Resources plc as an associate for the year ended 30 June 2013 despite its shareholding falling below 20%

The effect of recognising Red Rock Resources as an available for sale financial asset would be to decrease the loss by £2,711,019 and decrease other comprehensive income by £1,118,318

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

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

A general decline in stock market performance resulted in a significant decrease in the fair value of available for sale investments as at the year end amounting to £62,950 (2012 £577,603) (note 13) Based on the Group's review of the historical and post-year end movements in the fair value of these investments and relevant information about the investee, there is deemed to be no objective evidence of impairment As such, the decrease in fair value was recognised as other comprehensive loss in the available for sale trade investments reserve

As a result of the Group's evaluation, an impairment loss of £373,480 (2012 £920,351) on available for sale investments was recognised in the income statement

2 Segmental analysis

As with all mineral exploration 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 balance available in the Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Limited advised by Yorkville Advisors LLC, and
- the market value of the Group's listed investments

At 30 June 2013 the Group had cash and cash equivalents of £12,761 and undrawn facilities available in the SEDA of £3,646,564

The market value of the most significant of the Group's listed investments at 30 June 2013 is as follows

- Red Rock Resources plc £553,906

Once the Group's main focus of operations becomes production, 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, the countries in which revenue is earned regardless of whether this information is used in by management in making operating decisions

Year to 30 June 2013	Investment in Red Rock Resources plc £	Other investments £	Australian exploration £	Papua New Guinea exploration £	Corporate and unallocated £	Total £
Revenue						
Management services	—	—	—	—	112,840	112,840
Gain on sale of tenements	—	—	149,101	—	—	149,101
	—	—	149,101	—	112,840	261,941
Loss on dilution of interest in associate	(438,456)	—	—	—	—	(438,456)
Loss on sale of investments	—	(348,303)	—	—	—	(348,303)
Impairment of AFS investment	—	(373,480)	—	—	—	(373,480)
Exploration expenses	—	—	(205,679)	(28,894)	—	(234,573)
Administrative expenses*	—	—	(148,792)	—	(1,075,220)	(1,224,012)
Share of (losses)/profits in associates	(2,711,019)	—	—	33,271	—	(2,677,748)
Finance cost – net	—	—	—	—	(131,385)	(131,385)
Net (loss)/profit before tax from continuing operations	**(3,149,475)**	**(721,783)**	**(205,370)**	**4,377**	**(1,093,765)**	**(5,166,016)**

Year to 30 June 2012	Investment in Red Rock Resources plc £	Other investments £	Australian exploration £	Papua New Guinea exploration £	Corporate and unallocated £	Total £
Revenue						
Management services	—	—	—	—	166,072	166,072
	—	—	—	—	166,072	166,072
Loss on dilution of interest in associate	(265,811)	—	—	—	—	(265,811)
Loss on sale of investments	—	(60,097)	—	—	—	(60,097)
Impairment of AFS investment	—	(920,351)	—	—	—	(920,351)
Exploration expenses	—	—	(242,131)	(3,462)		(245,593)
Administrative expenses*	—	—	(39,562)	—	(1,051,546)	(1,091,108)
Reclassification of cumulative exchange difference on disposal of subsidiary	—	—	—	762,948	—	762,948
Share of (losses)/profits in associates	(408,751)	—	—	1,794	—	(406,957)
Finance cost – net	—	—	—	—	(51,453)	(51,453)
Net (loss)/profit before tax from continuing operations	(674,562)	(980,448)	(281,693)	761,280	(936,927)	(2,112,350)

* Included in administrative expenses is depreciation charge of £28,888 (2012 £39,392) under Corporate and unallocated

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 2013	UK £	Australia £	Papua New Guinea £	Sudan £	Total £
Revenue					
Management services	**112,840**	—	—	—	**112,840**
Gain on sale of tenements	—	**149,101**	—	—	**149,101**
Total segment revenue	**112,840**	**149,101**	—	—	**261,941**
Non-current assets					
Investments in associates and joint ventures	**797,263**	—	**1,748,959**	—	**2,546,222**
Property, plant and equipment	**47,293**	**246**	—	—	**47,539**
Available for sale financial assets	**61,692**	**4,281,448**	—	—	**4,343,140**
Exploration assets	—	**1,480,399**	—	**248,242**	**1,728,641**
Total segment non-current assets	**906,248**	**5,762,093**	**1,748,959**	**248,242**	**8,665,542**

Year to 30 June 2012	UK £	Australia £	Papua New Guinea £	Total £
Revenue				
Management services	166,072	—	—	166,072
Total segment revenue	166,072	—	—	166,072
Non-current assets				
Investments in associates and joint ventures	2,828,420	—	1,715,688	4,544,108
Property, plant and equipment	53,877	327	—	54,204
Available for sale financial assets	1,055,660	3,714,590	—	4,770,250
Exploration assets	—	1,572,086	—	1,572,086
Deferred tax assets	138,162	—	—	138,162
Total segment non-current assets	4,076,119	5,287,003	1,715,688	11,078,810

3 Profit on ordinary activities before taxation

Group	2013 £	2012 £
Profit 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	**15,000**	15,000
– fees payable to subsidiary auditors for the audit of subsidiary financial statements	**131**	2,409
Depreciation – continuing activities	**28,888**	39,392
Depreciation – discontinued operations	—	16,672
Directors' emoluments	**272,663**	285,011
Share-based payments – Directors	**30,000**	22,500
Share-based payments – Staff	**92,192**	57,179
Currency losses	**159,301**	65,694

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

	2013 £	2012 £
Interest expense	**149,082**	79,863
Interest income	**(17,697)**	(28,410)
	131,385	51,453

5 Taxation

	2013 £	2012 £
Current period transaction of the Group		
UK corporation tax at 23 75% (2012 25 5%) on profits for the period	**—**	—
Deferred tax		
Origination and reversal of temporary differences	**48,132**	(25,810)
Deferred tax assets derecognised	**138,162**	—
Tax expense (credit)	**186,294**	(25,810)
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	**(5,166,016)**	(2,052,359)
Loss on ordinary activities at the average UK standard rate of 23 75% (2012 25 5%)	**(1,226,929)**	(523,352)
Impact of associates	**684,741**	(162,775)
Effect of tax benefit of losses carried forward derecognised	**531,095**	189,473
Effect of non-deductible expense	**242,340**	470,844
Under provision in respect of previous year	**138,162**	—
Other deductions for tax purposes	**(183,115)**	—
Current tax charge (credit)	**186,294**	(25,810)

In addition to the amounts charged to the Consolidated Statement of Income a deferred tax credit amounting to £48,132 (2012 £120,302) relating to the Group's investments was recognised in the Statement of Comprehensive Income

Legislation in Finance Act 2012 set the main rate of corporation tax at 23% with effect from 1 April 2013 Finance Act 2013 set the main rate of corporation tax at 21% from 1 April 2014 and at 20% from 1 April 2015 Therefore deferred tax assets/(liabilities) are calculated at 23% (2012 24%)

6 Staff costs

The Company's staff are employed both by the Company and Red Rock Resources plc ("Red Rock") The aggregate employment costs of staff (including Directors) for the year was

	2013 £	2012 £
Wages and salaries	**725,740**	937,644
Pension	**63,863**	32,256
Social security costs	**66,117**	100,541
Employee share-based payment charge	**122,192**	79,679
Total staff costs	**977,912**	1,150,120

6 Staff costs continued

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

	2013 Number	2012 Number
Executives	**5**	5
Administration	**10**	11
Exploration	**9**	9
	24	25

During the year, staff costs of £349,964 (2012 £618,004) 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

2013	Directors' fees £	Consultancy fees £	Share-based payments – SIP £	Pension contributions £	Social security costs £	Total £
Executive Directors						
A R M Bell	**48,000**	**15,000**	**6,000**	**5,292**	**4,052**	**78,344**
E Bugnosen	**90,000**	—	**6,000**	**8,721**	**10,551**	**115,272**
S Kaintz	**39,000**	—	**6,000**	**6,209**	**7,364**	**58,573**
Non-executive Directors						
J M E Lee	**18,000**	—	**6,000**	—	**1,237**	**25,237**
J Watkins	**18,000**	—	**6,000**	—	**1,237**	**25,237**
	213,000	**15,000**	**30,000**	**20,222**	**24,441**	**302,663**

2012	Directors' fees £	Consultancy fees £	Share-based payments – SIP £	Pension contributions £	Social security costs £	Total £
Executive Directors						
A R M Bell	89,000	15,000	4,500	3,528	10,570	122,598
E Bugnosen	81,295	—	4,500	4,102	9,833	99,730
S Kaintz	25,292	—	4,500	2,866	4,883	37,541
Non-executive Directors						
J M E Lee	15,000	3,000	4,500	—	976	23,476
J Watkins	15,000	3,000	4,500	—	1,666	24,166
	225,587	21,000	22,500	10,496	27,928	307,511

The number of Directors who exercised share options in year was nil (2012 nil)

During the year, the Company contributed to a Share Incentive Plan more fully described in the Directors' Report on pages 3 to 6 280,373 (2012 137,614) free shares were issued to each employee, including Directors, making a total of 1,401,865 (2012 688,070) to Directors

The Company also operates a contributory pension scheme more fully described in the remuneration report on page 6

In addition to Director's fees, consultancy fees in respect of the services of Andrew Bell were paid to a consultancy which provided his services

In prior year, consultancy fees were paid to J M E Lee and J Watkins in addition to Director's fees Consultancy fees in respect of J Watkins were paid to his business as a chartered accountant in public practice

8 Discontinued operations - 2012

On 26 January 2012, the Company transferred 100% of its shareholding in Oro Nickel Ltd ("ONL") (formerly Canopus No 83 Limited) to Oro Nickel (Vanuatu) Limited ("ONV") in relation to a Purchase and Sale Agreement entered into with ONV on 15 June 2011 Consequently, the Shareholding and Funding Agreement entered into by the Company with Direct Nickel Pty Limited establishing a joint venture through ONV, became effective As a result of these transactions, the Group ceased to have direct ownership and control over ONL and obtained joint control over ONV Accordingly, the results of ONL were consolidated only until 26 January 2012 when control ceased The results of Oro Nickel Ltd are presented below

	Notes	30 June 2013 £	26 January 2012 £
Revenue		—	—
Expenses		—	(16,930)
Currency gain		—	76,921
Profit before tax from a discontinued operation		—	59,991
Tax expense		—	—
Profit after tax from a discontinued operation attributable to owners of the Parent		—	59,991
Earnings per share attributable to owners of the Parent			
Basic	9	—	0 01 pence
Diluted	9	—	0 01 pence

The Group's interest in ONV, which consolidates ONL from the date control over ONL is established, is recognised as an investment in joint ventures accounted for using the equity method

The net cash flows incurred by Oro Nickel Ltd are as follows

	30 June 2013 £	26 January 2012 £
Operating	—	875,371
Investing	—	(856,037)
Financing	—	(645)
Net cash inflows	—	18,689

9 Loss per share

The basic loss per share is derived by dividing the (loss)/profit 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

	2013	2012
Loss attributable to equity holders of the Parent from continuing operations	**£(5,352,311)**	£(2,086,540)
Profit attributable to equity holders of the Parent from discontinued operations	—	59,991
Loss attributable to equity holders of the Parent	**£(5,352,311)**	£(2,026,549)
Weighted average number of ordinary shares of £0 001 in issue	**891,512,098**	636,081,814
Loss per share – basic	**(0 60) pence**	(0 32) pence
Weighted average number of ordinary shares of £0 001 in issue inclusive of dilutive outstanding options	**891,512,098**	636,081,814
Earnings per share – fully diluted	**(0 60) pence**	(0 32) pence

9 Loss per share continued

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

	2013 £	2012 £
Earnings per share denominator	**891,512,098**	636,081,814
Weighted average number of dilutive share options	—	—
Diluted earnings per share denominator	**891,512,098**	636,081,814

In accordance with IAS 33, the diluted earnings per share denominator takes into account the difference between the average market price of ordinary shares in the year and the weighted average exercise price of the outstanding options The Group has weighted average share options of 18,000,000 (2012 22,763,661) which were not included in the calculation of diluted earnings per share because they are non-dilutive for the year presented

10 Property, plant and equipment

Group	Leasehold improvements £	Office furniture and equipment £	Total £
Cost			
At 1 July 2011	14,222	222,390	236,612
Additions	—	20,638	20,638
Disposals	—	(130,378)	(130,378)
Currency exchange	—	14,446	14,446
At 30 June 2012	14,222	127,096	141,318
Additions	14,822	7,418	22,240
Disposals	(14,222)	(10,705)	(24,927)
Currency exchange	—	(30)	(30)
At 30 June 2013	**14,822**	**123,779**	**138,601**
Depreciation			
At 1 July 2011	(593)	(66,808)	(67,401)
Charge	(7,111)	(48,953)	(56,064)
Disposals	—	40,422	40,422
Currency exchange	—	(4,071)	(4,071)
At 30 June 2012	(7,704)	(79,410)	(87,114)
Charge	(7,913)	(20,975)	(28,888)
Disposals	14,222	10,705	24,927
Currency exchange	—	13	13
At 30 June 2013	**(1,395)**	**(89,667)**	**(91,062)**
Net book value			
At 30 June 2013	**13,427**	**34,112**	**47,539**
At 30 June 2012	6,518	47,686	54,204

10 Property, plant and equipment continued

Company	Leasehold improvements £	Office furniture and equipment £	Total £
Cost			
At 1 July 2011	14,222	105,991	120,213
Additions	—	20,638	20,638
At 30 June 2012	14,222	126,629	140,851
Additions	14,822	7,418	22,240
Disposals	(14,222)	(10,705)	(24,927)
At 30 June 2013	**14,822**	**123,342**	**138,164**
Depreciation			
At 1 July 2011	(593)	(47,068)	(47,661)
Charge	(7,111)	(32,202)	(39,313)
At 30 June 2012	(7,704)	(79,270)	(86,974)
Charge	(7,913)	(20,911)	(28,824)
Disposals	14,222	10,705	24,927
At 30 June 2013	**(1,395)**	**(89,476)**	**(90,871)**
Net book value			
At 30 June 2013	**13,427**	**33,866**	**47,293**
At 30 June 2012	6,518	47,359	53,877

11 Investments in subsidiaries

Company	£
Cost	
At 30 June 2013 and 2012	**482**
Impairment	
At 30 June 2013 and 2012	—
Net carrying value	
Net book amount at 30 June 2013 and 2012	**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
Red Rock Uranium Pty Limited	Australia	Ordinary	100%	Mineral exploration
Regency Mines Australasia Pty Limited	Australia	Ordinary	100%	Mineral exploration
Regency Resources Limited	Australia	Ordinary	100%	Mineral exploration

12 Investments in associates and joint ventures

Carrying balance	Group £	Company £
At 30 June 2011	5,495,296	949,075
Additions	1,713,894	1,713,894
Loss on dilution of interest	(265,811)	—
Share of total comprehensive loss for the year	(2,399,271)	—
At 30 June 2012	4,544,108	2,662,969
Additions	—	—
Loss on dilution of interest	(438,456)	—
Share of total comprehensive loss for the year	(1,559,430)	—
Net book amount at 30 June 2013	**2,546,222**	**2,662,969**

The market value of investments in listed associates as at 30 June 2013 was £553,906 (2012 £2,740,376)

The Parent Company of the Group, as at 30 June 2013, 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				
Red Rock Resources plc	England and Wales	Ordinary	11 39%	30 June 2013
Oro Nickel (Vanuatu) Limited	Vanuatu	Ordinary	50%	30 June 2013

	For the year ended 30 June 2013			As at 30 June 2013	
Name	Revenue £	Loss £	Total comprehensive expense £	Assets £	Liabilities £
Red Rock Resources plc	**2,564,688**	**(22,105,562)**	**(13,988,926)**	**27,969,466**	**(13,540,987)**

13 Available for sale financial assets

	Group £	Company £
Net book amount		
At 30 June 2011	6,113,440	6,113,440
Additions during the year	549,705	549,705
Disposals during year	(471,286)	(471,286)
Revaluation	(577,603)	(577,603)
Impairment	(844,006)	(844,006)
At 30 June 2012	4,770,250	4,770,250
Additions during the year	627,640	730,680
Disposals during year	(618,320)	(618,320)
Revaluation	(62,950)	(165,990)
Impairment	(373,480)	(373,480)
Net book value at 30 June 2013	**4,343,140**	**4,343,140**

14 Exploration assets

	Group		Company	
	2013 **£**	2012 £	**2013** **£**	2012 £
Cost				
At 30 June 2012	**2,118,617**	3,459,267	**—**	—
Additions during the year	**782,909**	1,444,876	**248,242**	—
Disposals in the year	**(358,556)**	(3,141,356)	**—**	—
Exchange gains	**(130,465)**	355,830	**—**	—
At 30 June 2013	**2,412,505**	2,118,617	**248,242**	—
Impairment				
At 30 June 2012	**(546,531)**	(339,549)	**—**	—
Impairments recognised in the year	**(175,038)**	(197,515)	**—**	—
Exchange gains	**37,705**	(9,467)	**—**	—
At 30 June 2013	**(683,864)**	(546,531)	**—**	—
Net book value				
At 30 June 2013	**1,728,641**	1,572,086	**248,242**	—
At 30 June 2012	**1,572,086**	3,119,718	**—**	—

15 Trade and other receivables

	Group		Company	
	2013 **£**	2012 £	**2013** **£**	2012 £
Sundry debtors	**148,284**	602,601	**126,874**	581,400
Prepayments	**28,965**	47,164	**28,965**	47,164
Amounts owed by Group undertakings	**—**	—	**1,970,150**	1,991,331
Amounts owed by related parties				
– due from associates and joint ventures	**1,426,025**	889,417	**1,426,025**	889,417
– due from key management	**9,998**	9,095	**9,998**	9,095
Total	**1,613,272**	1,548,277	**3,562,012**	3,518,407

16 Trade and other payables

	Group		Company	
	2013 **£**	2012 £	**2013** **£**	2012 £
Trade and other payables	**271,115**	288,325	**243,834**	262,515
Accruals	**161,876**	66,803	**161,876**	64,153
Amounts due to associates	**3,867**	452,161	**—**	449,230
Trade and other payables	**436,858**	807,289	**405,710**	775,898
Short-term borrowings	**527,471**	1,591,749	**527,471**	1,591,749
Total	**964,329**	2,399,038	**933,181**	2,367,647

YA Global Master SPV Limited

A short-term loan of £527,471 (2012 £1,591,749) was provided by YA Global Master SPV Limited Interest is charged on this loan at a rate of 12% (2012 6%) per annum Repayments are made either in cash or by issue of shares in the Company in line with the terms of the agreement The Company has pledged all of its shares in Oro Nickel (Vanuatu) Limited as security for this loan

17 Deferred tax assets/(liabilities)

The movement in the Company's and Group's net deferred tax position is as follows

Group and Company	2013 £	2012 £
At 30 June 2012	**138,162**	(7,950)
Deferred tax (charge)/credit recognised in the Income Statement	**(186,294)**	25,810
Deferred tax credit recognised in the Statement of Other Comprehensive Income	**48,132**	120,302
At 30 June 2013	—	138,162

The following are the major deferred tax liabilities and assets recognised by the Group and the movements thereon during the period

Group and Company	Investments £	Losses £	Other £	Total £
(Liability)/asset at 30 June 2011	(74,753)	74,753	(7,950)	(7,950)
Credit/(charge) to the Income Statement for the year	101,890	(74,753)	(1,327)	25,810
Charge to the Statement of Comprehensive Income for the year	120,302	—	—	120,302
Asset/(liability) at 30 June 2012	**147,439**	—	**(9,277)**	**138,162**
(Charge)/credit to the Income Statement for the year	(195,571)	—	9,277	(186,294)
Charge to the Statement of Comprehensive Income for the year	48,132	—	—	48,132
Asset/(liability) at 30 June 2013	—	—	—	—

18 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 trade investments reserve

The available for sale trade investments 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

19 Share capital – Company

The authorised share capital of the Company and the called up and fully paid amounts were as follows

	Number	Nominal £
Authorised		
As at 30 June 2012 and 30 June 2013, ordinary shares of £0 001 each	**10,000,000,000**	**10,000,000**
Called up, allotted, issued and fully paid		
As at 30 June 2012	663,084,209	663,084
Issued 2 July 2012 at 1 25 pence per share	64,600,000	64,600
Issued 8 August 2012 at 1 07 pence per share	6,728,952	6,729
Issued 20 August 2012 at 0 95 pence per share	16,808,323	16,808
Issued 28 September 2012 at 0 88 pence per share	33,995,393	33,995
Issued 22 October 2012 at 0 83 pence per share	12,040,462	12,040
Issued 7 November 2012 at 0 90 pence per share	11,130,366	11,130
Issued 5 December 2012 at 0 82 pence per share	10,973,595	10,974
Issued 5 December 2012 at 1 03 pence per share	6,088,488	6,089
Issued 20 December 2012 at 0 80 pence per share	25,263,373	25,263
Issued 15 January 2013 at 0 71 pence per share	91,039,508	91,040
Issued 20 February 2013 at 0 74 pence per share	70,646,937	70,647
Issued 29 March 2013 at 0 49 pence per share	15,471,777	15,472
Issued 9 April 2013 at 0 40 pence per share	36,016,750	36,017
Issued 26 June 2013 at 0 40 pence per share	42,161,750	42,162
	442,965,674	442,966
As at 30 June 2013	**1,106,049,883**	**1,106,050**

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

20 Share-based payments

Employee share options

During the years ended 30 June 2007, 2009 and 2010, 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 the plan, the options were granted for no consideration, they were granted for the periods specified and vested immediately Options granted under the plan carry no dividend or voting rights

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

In January 2013, the Board authorised options over 60,000,000 of the Company's ordinary shares The options were to have an exercise period of two years from date of grant, expirations between 1 June 2016 and 1 June 2019, and strike prices between £0 015 and £0 045 Of the total, 36,000,000 options were authorised for issue to Executive Directors and 4,000,000 options to Non-executive Directors The remaining 20,000,000 were to be issued at the Board's discretion to key staff and project managers These remained unissued at year end After the year end, all 60,000,000 options were cancelled as the directors determined that this would be in the best interests of the shareholders Management notes that the expense relating to these options of less than £25,000 had not been recorded due to their subsequent cancellation and the value was not deemed material

20 Share-based payments continued

The Company and Group has outstanding options to subscribe for ordinary shares as follows

	Options issued 2 October 2009 exercisable at 2 5 pence per share expiring 30 September 2014 Number	Options issued 2 October 2009 exercisable at 3 5 pence per share expiring 30 September 2014 Number	**Total Number**
A R M Bell	4,500,000	4,500,000	**9,000,000**
E Bugnosen	1,000,000	1,000,000	**2,000,000**
J M E Lee	250,000	250,000	**500,000**
Employees of Regency Mines plc	3,250,000	3,250,000	**6,500,000**
Total	9,000,000	9,000,000	**18,000,000**

The fair value of the above share options as expensed in 2013 is £nil (2012 £nil)

	2013		2012	
Company and Group	**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	**18,000,000**	**3 00**	23,500,000	3 35
Expired	—	—	(5,500,000)	4 50
Outstanding at the end of the period	**18,000,000**	**3 00**	18,000,000	3 00
Exercisable at the end of the period	**18,000,000**	**3 00**	18,000,000	3 00

The options outstanding at 30 June 2013 have an exercise price of between 2 5 pence and 3 5 pence and a weighted average contractual life of 1 25 years

The fair value of services received in return for options granted is measured by reference to the fair value of options granted The estimate of the fair value of the services received is measured based on the Black-Scholes option-pricing model The contractual life of the options is used as an input into the model The model assumes that an option is only capable of exercise at expiry

	Fair value per option Pence	Exercise price Pence	Price of shares on grant Pence	Estimated volatility %	Risk free interest %	Dividend yield %
2 October 2009	0 42	2 50	2 15	50	5 3	—
2 October 2009	0 21	3 50	2 15	50	5 3	—

The expected volatility is based on the historic volatility of peer group entities (calculated on the weighted average remaining life of the share options), adjusted for any expected changes to volatility due to publicly available information

Risk-free interest rates are based on five-year government bonds

Share Incentive Plan

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 £125 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 £3,000 per annum

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

The fair value of services provided is recognised as an expense in the Income Statement at grant date and is determined indirectly by reference to the fair value of the free and matching shares granted Fair value of shares is measured on the basis of an observable market price, i e share price as at grant date

During the financial year, a total of 17,390,155 free and matching shares were awarded with a fair value of 1 07 and 0 49 pence, resulting in a share-based payment charge of £122,192 in the income statement

21 Cash and cash equivalents

Group	30 June 2013 £	Cash flow £	30 June 2012 £
Cash in hand and at bank	**12,761**	(5,088)	17,849

Company	30 June 2013 £	Cash flow £	30 June 2012 £
Cash in hand and at bank	**11,333**	1,182	10,151

22 Financial instruments

22 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 totals for each category of financial instrument, measured in accordance with IAS 39 as detailed in the accounting policies, are as follows

Group 30 June 2013	**Available for sale £**	**Loans and receivables £**	**Other non-financial assets £**	**Total £**
Non-current financial assets				
Available for sale financial assets	**4,343,140**	**—**	**—**	**4,343,140**
Current financial assets				
Trade and other receivables	**—**	**1,584,307**	**28,965**	**1,613,272**
Cash and cash equivalents	**—**	**12,761**	**—**	**12,761**
	4,343,140	**1,597,068**	**28,965**	**5,969,173**
Other non-financial assets			**4,322,402**	**4,322,402**
Total assets	**4,343,140**	**1,597,068**	**4,351,367**	**10,291,575**

The carrying value of non-current financial assets in the Company equals that of the Group The carrying value of current financial assets in the Company is higher than that of the Group due to intercompany debt Other balances are not materially different

Group 30 June 2013	**Other financial liabilities at amortised cost £**	**Other non-financial liabilities £**	**Total £**
Current financial liabilities			
Trade and other payables	**(274,982)**	**(161,876)**	**(436,858)**
Borrowings	**(527,471)**	**—**	**(527,471)**
Total liabilities	**(802,453)**	**(161,876)**	**(964,329)**

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

Group 30 June 2012	Available for sale £	Loans and receivables £	Other non-financial assets £	Total £
Non-current financial assets				
Available for sale financial assets	4,770,250	—	—	4,770,250
Current financial assets				
Trade and other receivables	—	1,501,113	47,164	1,548,277
Cash and cash equivalents	—	17,849	—	17,849
	4,770,250	1,518,962	47,164	6,336,376
Other non-financial assets	—	—	6,308,560	6,308,560
Total assets	4,770,250	1,518,962	6,355,724	12,644,936

22 Financial instruments continued

22 1 Categories of financial instruments continued

The carrying value of non-current financial assets in the Company [equals] that of the Group The carrying value of current financial assets in the Company is [higher] than that of the Group due to intercompany debt Other balances, other than cash and cash equivalents, are not materially different

Group 30 June 2012	Other financial liabilities at amortised cost £	Other non-financial liabilities £	Total £
Current financial liabilities			
Trade and other payables	740,486	66,803	807,289
Borrowings	1,591,749	—	1,591,749
Total liabilities	2,332,235	66,803	2,399,038

The carrying value of current financial liabilities in the Company is not materially different to that of the Group

22 2 Fair values

The carrying amount of the Company's financial assets and liabilities is not materially different to their fair value Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction 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 determines fair value using a valuation technique that makes use of observable market inputs

Trade receivables, cash and cash equivalents, trade payables and borrowings

The carrying amount is considered to equate to its fair value

The fair value of loans and borrowings has been estimated by calculating present values at the reporting date, using fixed effective interest rates

Available for sale and other financial assets

The following table presents the other financial assets measured at fair value in the Statement of Financial Position in accordance with the fair value hierarchy required by IFRS 7

The fair value hierarchy has the following levels

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i e as prices) or indirectly (i e derived from prices), and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The financial assets measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy as follows

Group and Company 30 June 2013	**Level 1 £**	**Level 2 £**	**Level 3 £**	**Level 4 £**
Available for sale financial assets				
– at market price (i)	**154,725**	—	—	**154,725**
– at cost (ii)	—	—	**4,188,415**	**4,188,415**
	154,725	—	**4,188,415**	**4,343,140**

Group and Company 30 June 2012	Level 1 £	Level 2 £	Level 3 £	Level 4 £
Available for sale financial assets				
– at market price (i)	1,055,660	—	—	1,055,660
– at cost (ii)	—	—	3,714,590	3,714,590
	1,055,660	—	3,714,590	4,770,250

22 Financial instruments continued

22 2 Fair values continued

(i) Available for sale assets at market price

All listed equity securities have been issued by publicly traded companies, in the UK and other foreign markets Fair values for these securities have been determined by reference to their quoted bid prices at the reporting date

(ii) Available for sale assets at cost

These financial instruments, classified in Level 3, use valuation techniques based on inputs that are not based on observable market data, due to the fact they are unlisted and no such data is available

The financial instruments within this level can be reconciled from beginning to ending balances as follows

Available for sale financial assets

Unlisted investments at cost

Group and Company	2013 £	2012 £
Brought forward	**3,714,590**	3,714,590
Purchases	**473,825**	—
Carried forward	**4,188,415**	3,714,590

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

22 3 Financial risk management policies

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 or impaired are considered to be of high credit quality Aggregates of such amounts are as detailed in note 15

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 but controls over expenditure are carefully managed All financial liabilities are due to be settled within the next twelve months

Market risk

Interest rate risk

The Company is not exposed to any material interest rate risk

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

22 Financial instruments continued

22.3 Financial risk management policies continued

The Group's exposure to price risk on listed investments is as follows

Group and Company	2013 £	2012 £
Change in equity		
– increase in listed investments by 10%	**15,473**	105,566
– decrease in listed investments by 10%	**(15,473)**	(105,566)

Foreign exchange risk

The Group's transactions are carried out in a variety of currencies, including 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 The Group does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk as amounts paid and received in specific currencies are expected to largely offset one another and the currencies most widely traded in are relatively stable

The Directors consider the balances most susceptible to foreign currency movements to be the available for sale financial assets at market price

These assets are denominated in the following currencies

Group and Company 30 June 2013	GBP £	AUD $	CAD $	Total £
Available for sale investments at market price	**52,327**	**93,033**	**9,365**	**154,725**

Group and Company 30 June 2012	GBP £	AUD $	CAD $	Total £
Available for sale investments at market price	964,800	—	90,860	1,055,660

The following table illustrates the sensitivity of the value of investments at market price in regards to the GBP and Canadian Dollar exchange rates

It assumes a +/–7% (2012 +/-10%) change in the CAD/GBP exchange rate and a +/–5% (2012 +/–6%) change in the CAD/GBP exchange rate for the year ended 30 June 2013 These percentages have been based on the average market volatility in exchange rates in the previous twelve months

Impact on available for sale financial assets at market price

	2013 £	2012 £
7%/10% increase in AUD fx rate against GBP	**6,512**	—
7%/10% decrease in AUD fx rate against GBP	**(6,512)**	—
5%/6% increase in CAD fx rate against GBP	**468**	5,452
5%/6% decrease in CAD fx rate against GBP	**(468)**	(5,452)

Exposures to foreign exchange rates vary during the year depending on the volume and nature of overseas transactions Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk

23 Significant agreements and transactions

Sudan exploration

- On 2 July 2012 the Company entered into an Option agreement with International Mineral Resources (Agrominerals Sudan) Limited ('IMRAS') covering agromineral and mineral licenses in Sudan ('Option') On 16 August 2012 the Company announced that the Option Letter Agreement ('OLA') had been amended to extend the due diligence period for exercise of the Option from 17 July 2012 to 30 November 2012 The Company made the agreed payment of US$35,000 following completion of the initial due diligence visit to Sudan On 30 November 2012, the Company announced that it was exercising the option

  On completion of successful due diligence and a decision by the Company's board to proceed with the exercise of the Option, the Company paid US$100,000 in shares to IMRAS at the price prevailing on the day of exercise of £0 0103

  Upon signature of agreements reasonably satisfactory to the Company between IMRAS and the Government of Sudan stating the terms on which the licenses would be able to progress to mining licenses, the Company will pay a further US$250,000 in cash or stock at the price prevailing on the day of exercise to IMRAS

  Upon grant of license rights over certain additional identified areas agreed between the Company and IMRAS, the Company will pay a further US$150,000 in cash or stock at the price prevailing on the day of exercise to IMRAS

  Upon the making of these three payments, the Company will receive 26% of the enlarged share capital of IMRAS

  Upon the proving up by the Company of a JORC or similar resource on two of the licenses, the Company would be entitled to pay a further US$2,500,000 and increase its interest in IMRAS to 51%

23 Significant agreements and transactions continued

Sudan exploration continued

- In April 2013, two significant additions have been made to the original IMRAS exploration licences in Sudan based on the results of geological desk-top studies by the Company of publicly available material and data from the Sudanese Ministry of Minerals The review revealed further information relating to the most prospective geological environments for agromineral formation, leading to the extension and modification of two of IMRAS's original licence areas A 26,000sq km area to the north of the Abu Hashem licence, known as Jebel Abyad, has been granted to IMRAS by the Ministry of Minerals At the same time the IMRAS holdings at Abu Hashem have been reduced following field trips and sampling by the Company's geologists in 2012 and 2013 Based on further research by the Company into the Red Sea licence area and its associated geology, a 600km2 extension to the north of the original concession was granted by the Ministry of Minerals

Fraser West Project in Australia

- On 26 October 2012 it was announced that the Company agreed the sale of the majority of the rights to the Fraser West Project in Australia to Ram Resources Limited ("RAM"), a company listed on the Australian Stock Exchange The Fraser West project consists of three tenements with an area of 271 sq km in the Fraser Range area of Western Australia ("Tenements") held by Regency Mines Australasia Pty Ltd ("RGMA"), a wholly owned subsidiary of the Company

  In consideration of the acquisition of up to 80% of the Tenements ("Acquisition") RAM will issue a total of 1,205,000,000 new RAM shares to the Company in the following tranches,

  - 40,000,000 shares upon signing of the Acquisition agreement,

  - 115,000,000 shares in consideration for a 10% interest in the Tenements, subject to shareholder approval of the relevant resolution at RAM's annual general meeting ("Tranche B") The resolution was accordingly approved by RAM's shareholders on 30 November 2012, and

  - 1,050,000,000 shares in consideration for an additional 70% interest in the Tenements, subject to (a) receipt by RAM of an independent expert's report on the Tenements, (b) receipt of any relevant shareholder and regulatory approvals by RAM, and (c) a fundraising (via RAM rights issue) of a minimum of A$1 5m and on a best endeavours basis A$2m, net of costs ("Tranche C")

  From the date of issue of Tranche B until the date of the general meeting to seek shareholder approval for the issue of Tranche C, RAM is to sole fund up to A$250,000 for any work programmes on the Tenements as may be agreed between the parties for that period

  Subject to Tranche C being issued, RAM will have the right to acquire the remaining 20% interest in the Tenements by making a cash payment to RGMA of A$440,000 on or before 30 November 2013

  Regency will retain a 1% gross revenue royalty in the Tenements

- The first two stages of the transaction (Tranche A and Tranche B) were fulfilled within the year ended 30 June 2013 155,000,000 shares of RAM were issued to RGMA for a 10% interest in the Tenements and William Charles Guy was appointed a director of RAM

- On 30 June 2013, an Agreement for Sale and Purchase of Tenements was entered into between the parties which supersedes all prior contracts and deals with the terms for acquisition of the remaining 70% interest in the Tenements ("Terms")

  Under the Terms

  1 RAM will purchase 70% of RGMA's interest in the Tenements for the Share Consideration

  2 The Share Consideration will consist of

     a) Such number of RAM shares as will (together with the 155,000,000 RAM shares already held) represent a 19 9% holding in the enlarged issued capital of RAM at completion,

     b) 340,000,000 Class A Performance Shares to be convertible into RAM shares upon the declaration of a JORC Inferred Resource on the Tenements of a 300,000 oz gold equivalent (the "Resource Milestone"), and

     c) 340,000,000 Class B Performance Shares to be convertible into RAM shares upon a decision to mine on the Tenements (the "Decision to Mine")

  3 The 20% interest in the Tenements to be retained by RGMA will (a) be free carried to Decision to Mine, but (b) may, at RGMS's election be converted into RAM shares at the same time and price as any future new issue of RAM shares of RAM at the rate of A$50,000 per percentage point, up to the time of the Resource Milestone, and (c) after the Resource Milestone is reached may be acquired at RAM's election at fair market value

  4 Completion is conditional on any required consents being received and on RAM raising not less than, in aggregate, A$1,500,000 new funding

  5 Upon completion, RGMA will appoint an additional director to RAM Regency will retain a 1% gross revenue royalty in the Tenements

  6 There will be staged escrow holding periods of between four and twelve months on the new RAM shares (not including the 155,000,000 already held) issued under 2(a) above

23 Significant agreements and transactions continued

Share Incentive Plan

- On 8 August 2012, the Company issued 6,728,959 Free shares under the Company's Share Incentive Plan with reference to mid-market price of 1 07 pence on 3 August 2012
- On 4 April 2013, 204,081 Free shares and 15,685,683 Partnership and Matching shares, being a total of 15,889,764 shares have been awarded to employees under the Company's Share Incentive Plan at mid-market closing price of 0 49 pence on 28 March 2013 The Company was only required to issue 15,471,777 new shares as the SIP Trustees held in trust certain shares which had previously been issued and admitted to trading and retained in the pool following employee departures before vesting

Share options

- In January 2013, the Board authorised options over 60,000,000 of the Company's ordinary shares The options were to have an exercise period of two years from date of grant, expirations between 1 June 2016 and 1 June 2019, and strike prices between £0 015 and £0 045 Of the total, 36,000,000 options were authorised for issue to Executive Directors and 4,000,000 options to Non-executive Directors The remaining 20,000,000 were to be issued at the Board's discretion to key staff and project managers These remained unissued at year end After the year end, all 60,000,000 options were cancelled as the directors determined that this would be in the best interests of the shareholders

24 Commitments

As at 30 June 2013, the Company had entered into the following commitments

- Exploration commitments On-going 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
- On 5 April 2013, Regency Mines plc entered into a 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 2014 Future minimum annual rental and service charges payable by the Company is £23,310

25 Related party transactions

- On 1 July 2006, the Company entered into sub-licence agreements with Red Rock Resources plc and with Greatland Gold plc, both companies of which Messrs Andrew Bell and John Watkins are directors, under which the three companies agreed to share the rental, service costs and other outgoings of the office at 115 Eastbourne Mews, London W2 6LQ From 1 January 2008 to 30 June 2010, the Company's agreed share of the total costs is 40%, reducing to 25% from 1 July 2010 From 1 January 2012 it was agreed that Greatland Gold plc would share the total costs by payment of a fixed quarterly fee and consequently the Company's agreed share of total costs increased to 30% The total cost charged to Greatland Gold plc for the year was £21,600 (2012 £23,344) The companies moved out of 115 Eastbourne Mews on 11 May 2013, although rent was paid until 2 July 2013 On 5 April 2013, Regency Mines plc, Red Rock Resources plc and Greatland Gold plc entered into a joint lease at Ivybridge House, 1 Adam Street, London WC2N 6LE
- Professional staff employed by the Company are sub-contracted to Red Rock Resources plc to work on specific assignments as necessary During the year, total costs before the addition of VAT were £349,964 (2012 £618,004)
- The costs incurred by the Company on behalf of Red Rock Resources plc are invoiced at each month end and settled as soon as may be possible By agreement, the Company charges interest at the rate of 0 5% per month on all balances outstanding at each month end until they are settled The total charge for the year was £9,116 (2012 at the rate of 0 5% per month £11,078)
- During the year Frederick Bell, son of the Company's Executive Chairman Andrew Bell, provided consultancy services totalling £3,427 on the Sudan project
- Related party receivables and payables are disclosed in notes 15 and 16, respectively
- The key management personnel are the Directors and their remuneration is disclosed within note 7

26 Events after the reporting period

- On 1 July 2012, the Company announced an amendment of the agreement on the planned sale of 70% interest in the Fraser West Project in Australia to Ram Resources Limited ("RAM") The revised agreement is discussed in detail in Note 23
- On 19 July 2013, the Company announced DNi's news that its test plant has produced its first marketable nickel/cobalt concentrate in the form of a Mixed Hydroxide Product (MHP), this from a mixed feed of 25% limonite and 75% saprolite ore The plant is also recovering nitric acid for reuse in the process, as well as magnesium oxide (MgO), itself a potentially saleable product, from its waste streams as designed

  This marks the completion of the full flow sheet of the DNi process with the focus now shifting from activation to optimization of continuous operations The overall test programme is expected by DNi to complete by the end of 2013

  With twelve of the planned nineteen campaigns now completed, DNi considers this to be a significant milestone in the test plant technical program and a large step forward towards generating the data needed to design an initial commercial plant, commencing in 2014

  In a Shareholder Update on 30 September 2013, DNi announced that testing of the DNi nickel latente treatment process had successfully completed 16 of the 19 planned campaigns

  Oro Nickel (Vanuatu) Limited ("ONV"), an entity jointly controlled by the Company with DNi, has a non-exclusive 20-year licence from DNi for lateritic treatment technology capped at 40,000 tonnes per annum ("tpa") of nickel concentrate with options to increase to 90,000 tpa of nickel in concentrate, together with the right to a further licence for any agreed additional project The options are exercisable subject to an approved definitive feasibility study and on successful commissioning of plant by ONV

26 Events after the reporting period continued

- On 26 July 2013 the Company announced that RAM has entered into a funding arrangement to raise AUD1 5 million to fulfil a remaining key condition on the Company's sale of 70% of the Fraser West Project to RAM On 10 Oct 2013 the Company announced that all resolutions by RAM necessary to complete the sale were passed at the general meeting of RAM shareholders held on 8 October 2013 On 21 Oct 2013 RAM has announced that it has completed its acquisition of an additional 70% interest in the Fraser West Project bringing its total to 80% All securities approved at the recent General Meeting have now been issued, with the Company now increasing its equity position in RAM to 19 9% Regency now holds 59,938,434 shares of RAM post consolidation, and retains a 20% direct stake in the project
- On 13 August 2013, under the terms of the amended farm-in agreement, and following the revision to the concession area, the Company and IMRAS have agreed that sufficient progress has been made in fulfilment of the grant of additional license rights for a first payment to be made to IMRAS Accordingly, 10,000,000 new Regency shares have been issued to IMRAS at a deemed issue price of 0 52 pence per share
- On 20 August 2013 the Company issued an unsecured convertible loan note of £177,000 ("Convertible Note") to YA Global Master SPV, Ltd ("YA Global") The note carries interest of 10% per annum, and is convertible into ordinary shares at the option of YA Global until 19 August 2014, after which the loan notes become repayable The price of conversion will be determined by a formula equal to 97% of the six lowest daily volume weighted average prices during 12 consecutive trading days beginning on the first trading day immediately following the delivery of a notice of conversion by the bondholder On 4 September 2013 YA Global has converted the £177,000 Convertible Note into 32,299,270 ordinary shares of 0 1 pence each in the Company at a price of £0 005480 per share
- On 9 September 2013 the Company issued another unsecured convertible loan note of £250,000 to YA Global The note carries interest of 10% per annum, and is convertible into ordinary shares at the option of YA Global until 6 September 2014, after which the loan notes become repayable The price of conversion will be determined by a formula equal to 97% of the six lowest daily volume weighted average prices during 12 consecutive trading days beginning on the first trading day immediately following the delivery of a notice of conversion by the bondholder On 27 September 2013 YA Global converted the £250,000 in unsecured convertible note into 42,700,730 ordinary shares of 0 1 pence each in the Company at a price of £0 0058547 per Share
- On 27 September 2013 the Company announced that it will not issue 20,000,000 in options that had been intended for issuance to key staff and project managers The Company's Board also agreed to waive 40,000,000 options issued at between £0 015 and £0 045 These actions collectively nullify the entirety of the 60,000,000 options that had been announced in January 2013
- On 18 November 2013 a resolution authorising the directors to issue ordinary shares of 0 1p each in the Company to an aggregate nominal amount of £400,000 was passed at a general meeting of shareholders
- On 27 November 2013 the Company issued an unsecured convertible loan note of £250,000 to YA Global The note carries interest of 10% per annum, and is convertible into ordinary shares at the option of YA Global until 25 November 2014, after which the loan notes become repayable The price of conversion will be determined by the lower of 1p or a formula equal to 97% of the six lowest daily volume weighted average prices during 12 consecutive trading days beginning on the first trading day immediately following the delivery of a notice of conversion by the bondholder

27 Control

There is considered to be no controlling related party