

REGENCY MINES DEVELOPING HIDDEN POTENTIAL

ANNUAL REPORT & ACCOUNTS 2016

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Regency Mines plc is a natural resource exploration and development listed company on the Alternative Investment Market of the London Stock Exchange. The Company manages a balanced portfolio of mineral and oil and gas projects and investments at different stages of development. These projects are in multiple international locations including the United Kingdom, Papua New Guinea, the United States and Greenland.

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IN THIS REPORT

STRATEGIC REPORT p2

Chairman's Review	2
Strategic Focus	4
Market and Commodity Insights	5
Project Overview	
- Oil & Gas Exploration and Development	6
- Mineral Exploration	10
- Multi-Commodity	14
Managing Our Business	
- Principal Risks and Uncertainties	16
- Risk Management	16
- Corporate Social Responsibility	16
- Health and Safety	16
Board of Directors	17

Horse Hill

p8

Curzon

(formerly Westport Energy)

p9

Motzfeldt

p12

Mambare

p13

Red Rock Resources plc

p15

GOVERNANCE p18

Directors' Report	18
Statement of Directors' Responsibilities	21
Corporate Governance Statement	22

FINANCIAL STATEMENTS p24

Independent Auditor's Report	24
Consolidated Statement of Financial Position	25
Consolidated Income Statement	26
Consolidated Statement of Comprehensive Income	27
Consolidated Statement of Changes in Equity	28
Consolidated Statement of Cash Flows	29
Company Statement of Financial Position	30
Company Statement of Changes in Equity	31
Company Statement of Cash Flows	32
Notes to the Financial Statements	33
Notice of Annual General Meeting	60
Notes to the Notice of Annual General Meeting	62
Company Information	64

CHAIRMAN'S REVIEW

Highlights

Price Recovery in Natural Resource Sector

Ongoing Effort to Balance Long Term Exploration with Near Term Cash Generation

Seeking Returns Out of Proportion to Costs of Entry

Redefinition of RGM Identity – Portfolio of Transformative Assets in Development

Expect an Active 2017

MARKET INSIGHT p8

2017 should start as an active year and we hope it will continue as the sector improves.

Dear Shareholders,

Overview

We all live with paradox to some degree, for to live with consistency is far more difficult. Early stage resource companies live with a paradox that is particularly acute. It is this: they all know that mineral exploration takes time, and that bringing resources into production takes more time, but the investors who buy and sell their shares every day are a subset of investors who, while they may have a higher than usual tolerance of risk, often ally that with an appetite for volatility and quick returns. This is not always irrational: however great the opportunity, the long-term uncertainties may need to be balanced by the prospect of short term gain.

Investors who have followed the resource sector over the five or so years to early 2016 will have seen few if any gains, and will have learnt some painful lessons about just how volatile the sector can be. They have learnt mistrust, which can be a hard lesson to unlearn. The reverse has been so severe, particularly in the final stages from 2015 to early 2016, that even some of the great companies of the mining sector, usually

protected by strong cash flows, were brought to their knees. And it was this fact, the greatest confidence-destroyer, that showed recovery was round the corner. For if the price and volume leaders in a commodity cannot make profits, then volume falls and price rises must occur until they can.

So we now have a sector seeing price recovery, and perhaps some growth. Some of the hard lessons of the last five years have to be unlearned if we are to seize the moment, although without repeating the mistakes of the five years before that.

Regency has one of the world's largest lateritic nickel and cobalt resources, which it developed itself, and perhaps the world's largest tantalum resource, but these are exploration projects, and Regency produces nothing. The long-term opportunities are great, and capital value crystallisation may occur at any time if there is a sufficiently large increase in price levels, such as has been seen this year in other commodities such as manganese and coal, but the timing of such an increase is necessarily unpredictable. Therefore the uncertainties are also great. The Company concluded some time ago that it was especially necessary given this profile, to add cashflow generation possibilities to balance the long-term character of the existing asset portfolio.

The logical place to seek such possibilities was the oil and gas sector. This was for three reasons. First, there are established procedures and legal structures for taking shared and partial direct interests, such as wellbore interests, whether in individual wells or strata or in larger projects, enabling us to participate in projects with critical mass while matching our participation level with our financial capabilities and risk appetite. Secondly, exploration success can lead to immediate cash flow. Thirdly, we had been expecting

Regency has begun to redefine its identity and from a low base has assembled a group of assets any of which have the capacity to transform the value of the Company.

the oil price to fall and expected it to fall further, so we were mentally prepared and believed it would be possible to find attractively priced opportunities, including assets coming out of insolvency.

But finding good projects is not easy. We participated in the early drilling at Horse Hill in the Weald Basin, and reinvested in early 2016 when testing began and began to produce unexpectedly strong results from the Kimmeridge limestones.

Many projects were considered, and we entered at various points over the last two years into pre-liminary and co-operation agreements with three groups in the U.S. in relation to both the search for opportunities and specific opportunities. These, including the oil project tender in Wyoming, are not now being progressed. We have made clear that as we were looking for exceptional investments including insolvency situations while the sector was depressed we could not expect to consummate transactions in every case, expected failures in what would be competitive situations, and even one successful outcome might be transformative. We have since concluded one such successful transaction, and are progressing another, both with new partners.

In May 2016 we identified, and invested £175,000 in, Westport Energy plc, a company that was to acquire and has now acquired out of an insolvency coal bed methane assets in Oregon including five drilled wells ready for completion. That company, now named Curzon Energy plc is seeking listing in London and postlisting and a further investment we expect to hold some 10% with a seat on the board.

Straddling the energy and the mineral sectors is a commodity that, like oil and gas, has seen significant price recovery this year: coal. We identified Carbon Minerals Corporation, a project for metallurgical coal contour mining in Alabama that shares two characteristics with some of the oil projects we have been reviewing, in that it offers the prospect of immediate cash flow, and has recently been purchased out of a financial restructuring. We have post the balance sheet date agreed to take a participation in Carbon Minerals Corporation and paid a £50,000 deposit with £200,000 due subject to our confirmation of information.

With both these projects we are looking for returns out of proportion to their cost, and both of them could scale up relatively rapidly. The coal project has as its

immediate objective that it should quickly start to throw off cash to the participants. This is important to us: after cutting costs during the year, we now focus on projects which could provide us with significant revenues and cash flow.

Discussion of the Results

Losses reported for the year to 30 June 2016 fell from £5,888,742 to £1,965,722. The continuing significant level of losses came as a result principally of further provisions made against the value of our assets. Impairment of available for sale financial assets of £547,068 reflected a further write-down in our stake in Direct Nickel Ltd, owners of a proprietary processing technology, from £762,439 to £215,375, and a decision has been made to expense our expenditure on Sudan exploration, which we shall not continue, resulting in a £658,281 charge to Exploration expenses.

Our efforts to cut costs were a priority during the period, and the most significant element of this was a strategic decision to close down our geology and accounting functions and outsource the work. Although the full effects of this were felt for less than half a year, we can report that Administrative expenses were reduced from £964,761 to £594,732.

We saw the departure during the year of two valued colleagues on the board who had been with the Company since Listing, John Watkins and Julian Lee, and are grateful for their assistance over many years. We also, as a result of the restructuring at the end of 2015, said goodbye to many members of staff, and record our thanks for their capable and loyal service.

Regency disposed of its remaining holdings in Alba Mineral Resources plc and Ram Resources Ltd during the year, for proceeds of £91,878 and AUD188,008.66 respectively.

Prospects

The Company looks forward to the possible IPO of Curzon Energy plc which we understand is targeted for early 2017. The same period is expected to see the grant of planning permission for the next phase of testing and exploration at Horse Hill, while Angus Energy is seeking permission for a sidetrack to assess potential at its neighbouring license at Brockham. Carbon Minerals Corporation also hopes, provided we complete our investment, to start coal production in the first quarter of 2017.

2017 should therefore start as an active year, and we hope it will continue as one.

Our major legacy assets at Mambare, our nickel-cobalt project in Papua New Guinea, and Motzfeldt, our Tantalum-Niobium resource in southern Greenland, are on present assumptions likely to see limited activity on the ground during the year. Should base metal prices such as Nickel continue to strengthen, and improve significantly, or that of Tantalum recover,

more scope for joint venture exploration (and, indeed corporate activity) will exist as attention will once more focus on the underlying value of these assets. At some point in the recovery we believe this is likely to happen, whether it is in 2017 or 2018, so although we continue to pursue potential options for partnership or sale we do not feel under any pressure to bring these to an early conclusion.

Overall, Regency has begun to redefine its identity and from a low base has assembled a group of assets any of which have the capacity to transform the value of the Company. It remains highly entrepreneurial, and open to opportunities, whether within or outside the existing project portfolio.

At Curzon Energy we have an interest in a company where the initial phase will be followed up by ambitious plans to drill up to 200 wells in stages over 47,000 acres. At Carbon Minerals we expect to have an interest in a project that aims for over 100,000 tons coal production in its first year with ambitions for up to 3 million tons in its second. Ambitions are not the same as plans, and are not always fulfilled, but, in a market where capital values have been so depressed, to take a project with mineral potential but without high ambition would have an opportunity cost.

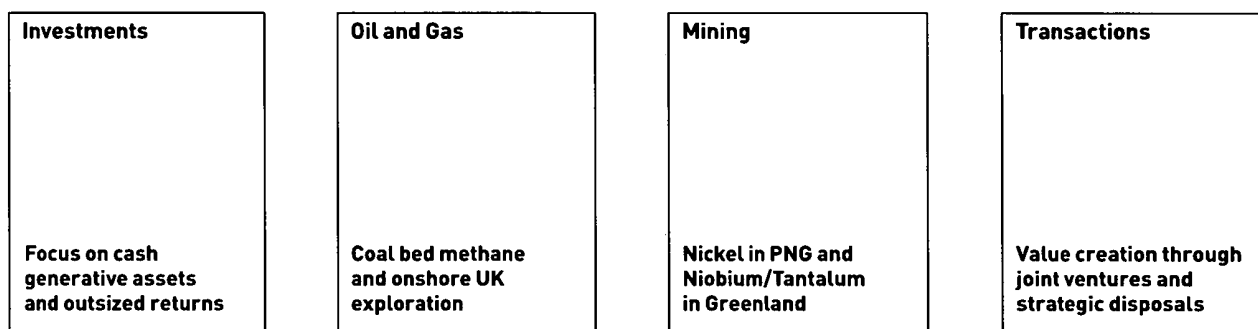
We hope for your continued support, and look forward to soon rewarding you with the progress we are anticipating in the remainder of this financial year towards our objective of building a secure base of revenues and profit.



Andrew Bell
Chairman and CEO
6 December 2016

STRATEGIC FOCUS

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



Our Strategy

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

Our strategic priorities

The Company targets investments and projects that meet its strict criteria across the spectrum of natural resources. While traditionally focussed on longer term mineral exploration assets Regency has diversified into oil and gas assets with shorter timeframes and the potential for both dividends and short to mid-term monetisation.

Financial Overview

The financial activities of the Company have been focussed on maintaining access to capital during the recent downturn in natural resources, lowering the Company's overall cost of capital for both new and existing projects and reducing expenditure and overhead burn rates to the maximum extent possible.

During the year to 30 June 2016, £781k of new equity was raised and corporate debt reduced to under £335k.

FINANCIAL STATEMENTS p25

Key Performance Indicators

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

MARKET AND COMMODITY INSIGHTS

Oil & Gas

Natural Gas

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

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

HORSE HILL p8

Coal Bed Methane

Coal Bed Methane ("CBM"), is a subset of the overall natural gas market falling into the category of an unconventional reservoir. Unlike conventional deposits with CBM, the coal is both the reservoir and the source rock for methane gas. CBM projects have coal seams permeated by methane, where the gas clings to the coal on pore surfaces in quantities 6-7x greater than in conventional reservoirs. CBM overall makes up approximately 10% of US natural gas production.

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

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

CURZON p9

Minerals

Niobium

Niobium is an air-resistant, light-grey, forgeable metal whose polished surfaces are shiny white. Niobium is primarily utilised in the manufacture of steel and aerospace superalloys, thus overall demand is seen to follow growth in global steel output. Its use in steel is important but limited in quantum due to the small amounts required to be effective. While not used in all steels, niobium is used in high-strength low alloy ("HSLA") steels as well as some stainless steels. High strength steels account for approximately 90% of global niobium consumption. Its use adds relatively little to the cost of production yet adds significant strength thus increasing its strength to weight ratio.

Beyond applications in steel, niobium is used in nickel, cobalt and iron-based superalloys for applications such as jet engine components, gas turbines, and heat resistant equipment.

The market for niobium is an oligopoly controlled by the only three producing firms, which set prices and control 85% of production. Niobium is generally sold as ferroniobium directly to steelmakers under one-year contracts. Quoted prices are usually based on trading transaction information when available. Prices have been relatively stable for the past 5 years hovering around the \$40/kg mark.

MOTZFELDT p12

Tantalum

Tantalum is a grey-blue metal with a high melting point and electrical capacitance and is often found in nature with Niobium along with iron and manganese. As one of the five major refractory metals, tantalum is generally resistant to wear and being ductile, can be drawn into a thin wire. Tantalum is used in the medical industry for making surgical appliances, a binding agent for muscles and a replacement for bone, and in the electronic industry for manufacturing electronic capacitors for the storage of electricity. It is also used in superalloys as well as a filter for x-rays in the field of optics.

Up until the 1990s, it was primarily a by-product from mining other materials including from slags generated during tin smelting, but since then the main sources of tantalum have shifted to tantalum specific ores. Tantalum ores are traditionally found in central Africa as well as in Australia, Canada and Brazil. A large part of the world's tantalum has been produced in the Democratic Republic of Congo and as such has become entangled in the controversies around conflict minerals. Tantalum is not traded on the world's regulated markets and therefore its price is governed by long-term agreements between mining companies, smelters and metal producers. The estimated global demand for tantalum is between 1,300-1,600 tonnes per annum.

MOTZFELDT p13

OIL & GAS EXPLORATION AND DEVELOPMENT

Regency Mines plc is currently invested in coal bed methane through Curzon Energy in the United States and onshore oil and gas at Horse Hill in the United Kingdom. Additional cash generative oil and gas opportunities created by the sector downturn are currently under consideration.

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

While Horse Hill is currently an exploration and development prospect, Curzon Energy will have five active natural gas wells at IPO with several more due to be drilled in the very near term. While speaking of dividends may be premature prior to the Company's IPO, having exposure to businesses that generate cash today with relatively low-risk levels helps balance and round out Regency's overall project and investment exposure.

HORSE HILL

1,688bopd

Aggregate flow test result is likely highest recorded from UK onshore well

HORSE HILL

143 sq km

Total licence area

CURZON

10%

Expected Final Stake in Curzon Energy plc

CURZON

£4.8m

Expected IPO valuation

HORSE HILL

2017

Long-term production tests planned for early 2017

CURZON

\$24m

Goal of \$24m free cash flow within 5 years

Horse Hill UK

Horse Hill Flow Test 2016

The Horse Hill-1 discovery is located on PEDL 137, a licence adjacent to PL 235 where the Brockham field is located. The licence area also includes PEDL 246, to comprise a total licence area of approximately 143 square kilometres. Regency has invested through Horse Hill Developments Ltd ("HHDL"), a special purpose company created to engage in a farmout with Magellan to acquire a 65% interest in the Horse Hill licenses.

Horse Hill-1 was originally drilled in September 2014, to a total depth of 8,770 feet to test for a number of conventional stacked oil targets in the Jurassic, as well as a deeper conventional gas target in the Triassic. However, further analysis of the well logs and technical data by US independent petrophysical consultants has indicated significant oil in place (OIP) numbers over various geological horizons.

The well testing that occurred at Horse Hill-1 in early 2016 verified the oil potential in both the conventional reservoir of the Portland sandstone as well as tested the viability of future production from the Weald basin shale horizons. The oil discovery reported a gross aggregate flow rate of 1,688bopd from two Kimmeridge limestones plus the overlying Portland sandstone.

Subject to the required regulatory approvals, the first phase of the proposed development is planned to consist of the extended production testing of four zones, designed to confirm the commerciality of the discovery and to examine a previously untested Kimmeridge limestone. The planning application also seeks permission for a two-well drilling phase, which contingent upon successful testing, will appraise further the extent of the oil accumulations and the field's production capabilities. The proposed drilling phase includes; plans for a deviated sidetrack, HH-1z, to be drilled from the existing HH-1 borehole, together with a new well, Horse Hill-2 ("HH-2"). On successful completion of drilling, both the HH-1z and HH-2 wells are planned to be long-term production tested with further optimisation possible through the future use of horizontal wells.

Key facts

5% indirect working interest (net 3.25%) in PEDL 137 – Operated by Horse Hill Developments Ltd

The 24,525-acres Surrey, near Gatwick Airport

Focus lies on Kimmeridge Limestones and Portland Sandstones in the Weald Basin

1,688 bopd – aggregate flow test result is likely the highest stable dry-oil flow from any UK onshore well recorded

Long-term production tests planned for early 2017

Permission sought for 2 well drilling phase – 1 x sidetrack well + new HH-2 well

1,688bopd
Aggregate Flow Test Result

Curzon Energy plc USA

Natural Gas

Curzon Energy is a UK based company currently finalising the acquisition of gas assets located in the Pacific Northwest following bankruptcy proceedings. The assets are expected to include five existing methane gas wells and two leases, covering 50,000 acres. With over \$75m spent on the project historically, Curzon intends to IPO these assets in London at the end of 2016 at a valuation around £4.8m. Curzon raised £650k during the summer of 2016 as bridge funding and the IPO is expected to bring in an additional £2.4m of investment. Regency intends to hold approximately a 10% stake in the business post its London listing.

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

Curzon believes the potential exists for free cash flow of \$24m within 5 years with first gas in less than 6 months and monthly revenues of \$250k. The project intends to take advantage of the Coos Bay gas pipeline, a 12 in line that crosses the property and which is available for immediate hook-up. Gas sold into this pipeline has a 16-year track record of premium pricing to US Henry Hub, currently receiving a \$2 per mscf premium. With natural gas widely considered to be a key fuel in future US and world energy policy, Curzon appears well positioned for success.

Key facts

Regency to purchase 10% take in Curzon Energy – Coal Bed Methane Assets in USA

Curzon to list on London Stock Exchange

Over \$75m invested in the project historically; IPO valuation of ~£4.8m

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

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

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

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

£4.8m

Expected IPO Valuation

MINERAL EXPLORATION

Regency Mines plc has a long history of mineral exploration activities and investments. Currently, the Company has two major projects; a large-scale nickel-cobalt JORC resource at Mambare in Papua New Guinea and a significant Niobium and Tantalum JORC resource in Southern Greenland.

MOTZFELDT

50km

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

MOTZFELDT

3,000

Meters of Historic Diamond Drilling on the Project

MOTZFELDT

16,700ppm

Samples up to 16,700ppm Nb₂O₅

MAMBARE

<3%

Less than 3% of the primary target has been

MAMBARE

256sq km

Total license area of EL1390

MAMBARE

162.5mt

JORC Resource of 162.5 million tonnes @ 0.9% Nickel and 0.09% Cobalt



Key facts

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

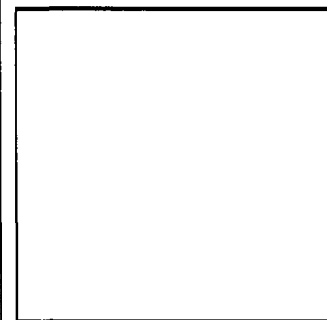
Narsarsuaq is one of the world's largest undeveloped Niobium-Tantalum deposits with additional Rare Earth credits

JORC Inferred Mineral Resource of 340mt @ 120ppm Ta₂O₅, 4,600ppm ZrO₂, 1,850ppm Nb₂O₅ and 2,600 ppm total rare earth oxides

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

Vast exploration potential – Nine additional exploration targets and anomalies defined

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



Location and Geology

The Motzfeldt licence is located on the seasonally ice free tip of southern Greenland, within 30km from an international airport at Narsarsuaq. The project is readily accessible year round by direct flights from Europe and has immediate deep water access. Motzfeldt has numerous targets less than 30km from Narsarsuaq including the Aries Target where SRK reported a JORC Inferred Mineral Resource Estimate of 340mt @ 120ppm tantalum pentoxide (Ta₂O₅), 1850ppm niobium pentoxide (Nb₂O₅) and 4600ppm zirconium dioxide (ZrO₂). Contained metal inventory is as follows:

- 1,564,00t ZrO₂
- 884,000 Total Rare Earth Oxide ("TREO")
- 629,000t Nb₂O₅
- 41,000t Ta₂O₅

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

Potential

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

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

- **Voskop**
 - Highest REE grades identified within 2014/01
 - Samples containing up to 10,800ppm TREO and 22.3% Heavy Rare Earth Oxide ("HREO") and yttrium oxide (Y₂O₃)
- **Drysdale**
 - Samples up to 16,700ppm Nb₂O₅, 328ppm Ta₂O₅, and 13,000ppm TREO
 - Intense hydrothermal alteration and veining with high niobium grades sampled
 - Potential to be significantly larger than Aries, with better logistics
- **North Qoroq**
 - Reported carbonatite and lujavrite, faulted offset of Black Ram target
 - Best logistics of license area

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

4x
Target Types
Niobium, Tantalum, Zirconium, REEs

Mambare Papua New Guinea

Landscape in Papua New Guinea

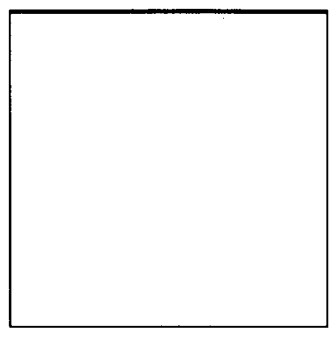
Key facts

Nickel-cobalt laterite deposit in eastern Papua New Guinea

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

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

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



Location and Geology

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

Activity

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

Potential

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

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

**1.53m
Tonnes**
 Contained nickel metal

MULTI-COMMODITY

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

Red Rock Resources plc

Train Hauling Ore to Port

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

Red Rock's signature asset remains its 1.20% stake in Jupiter Mines, which owns 50% of the Tshipi manganese mine in South Africa. Tshipi is a large open cast mine with a homogeneous ore body with little grade variation. The mine is currently in production and offers an annual production capacity of 3.6m tonnes. Tshipi is one of the five largest manganese operations in the world and one of the lowest cost producers. With manganese prices having pushed higher by late 2016, Tshipi looks to be a highly cash generative asset for Jupiter and by extension Red Rock.

Red Rock further maintains a 20% interest in several production wells at Shoats Creek in south-western Louisiana where it is partnering with AIM listed Mayan Energy plc. It also has a 4.64% stake in Elephant Oil, a private oil exploration entity with interests in onshore Benin, West Africa.

Red Rock controls a large gold exploration resource in Kenya, with a JORC resource consisting of 1.2m oz of gold. While licensing issues remain regarding the project, its position in south-west Kenya less than 30km from Acacia's prolific North Mara gold mine remains compelling. Red Rock also has a 9.65% interest in Goldstone Resources, listed on the AIM in London, and currently conducting active gold exploration in the Ashanti Gold Belt in Ghana. Lastly, Red Rock retains a 60% interest in the Melville Bugt iron project in north-west Greenland, currently on care and maintenance pending sustained higher iron prices.

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

Key facts

Regency retains a 1.94% stake in Red Rock Resources plc listed on the AIM market in London

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

Includes a 1.20% stake in Jupiter Mines – with a World-Class Manganese Asset in Production

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

Interests in a 1.2m oz Gold Exploration project in Kenya and gold exploration in Ghana and the Ivory Coast

Exposure to oil exploration in Benin

\$55m

Initial Amount Jupiter Mines to Distribute to Shareholders in Early 2017

3.6m Tonnes

annual production capacity of Tshipi

1.2m oz

JORC resource in Kenya

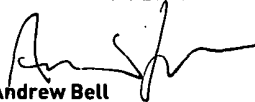
MANAGING OUR BUSINESS

Principal Risks and Uncertainties

The principal risks facing the Group and Company include but are not limited to those listed 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. For the Company the term risk is understood as the probability of failure and refers to the probability of delivering an undesirable financial outcome for investors.

Risk Management

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



Andrew Bell
Chairman and CEO
6 December 2016

Corporate Social Responsibility

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

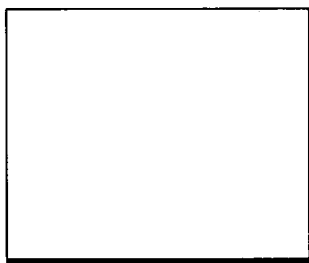
Health and Safety

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

Key risks	Description
Market and Funding Risks	<ul style="list-style-type: none"> Continued Access to Equity and Debt Capital to Maintain Solvency and to Fund Operations Excessive Cost of Available Capital – Interest Rate Fluctuations – Discounted Equity Offerings Currency Volatility in the UK and in Currencies in Which the Company Operates Deterioration in Commodity Prices Company Share Price Volatility Commodity Investor Risk Appetites Low World GDP Growth – Perceived Demand for Commodities May Decline Natural Resource Market Sentiment Perceived Oversupply of Certain Commodities
Geological Risks	<ul style="list-style-type: none"> Base Probability of Exploration and Development Success Time and Monetary Costs of Drilling Unsuccessful Prospects Low Rate of Deposits and Reserves Developed from Targets Geological Setting Variations and Data Uncertainties Style of Mineralisation and Variability of Geological Targets Grade/Tonnage Issues – Failure to Achieve Economic Deposits or Reserves During Development Uncertainty Over Recoverability of Reserves
Operational Risks	<ul style="list-style-type: none"> Operational and Development Cost Variability and Uncertainty Natural Resource Policy and Regulatory Changes Impact Operations Social License to Operate – Permitting and Approvals May be Denied and/or Delayed Resource Nationalism – Threatens Project Ownership During Development Infrastructure Access – Poor Infrastructure May Require Government Upgrades and Investment Staffing and Expertise – Key Geological and Operation Staff May be Difficult to Recruit and Retain Breakdowns of Key Plant and Equipment – Mechanical and Technical Problems Extreme Weather Conditions at Operational Sites May Delay or Increase the Cost of Operations Exposure to and Reliance on the Performance of Operating and Joint Venture Partners

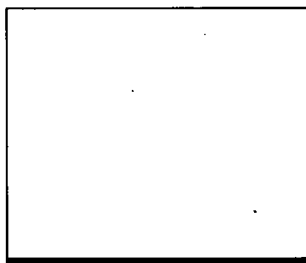
BOARD OF DIRECTORS

CAPABLE AND SYNERGISTIC



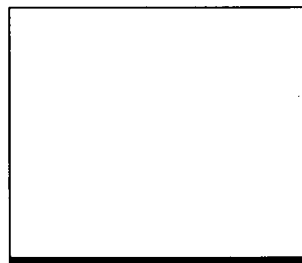
Andrew Bell
MA, LLB
Chairman and CEO

Andrew Bell began his career as an oil and mining analyst at Morgan Grenfell & Co. in the 1970s. His business experience encompasses periods in fund management and advisory work at leading financial institutions, international corporate finance work and private equity. Andrew Bell's principal company directorships are Red Rock Resources plc (executive chairman), and Jupiter Mines Limited (non-executive director).



Scott Kaintz
BS, MBA
Executive Director and COO

Scott Kaintz has an MBA from London Business School and Columbia Business School. He started his career as a military Intelligence Officer and analyst working across Europe, the Middle East and Central Asia. Scott has held operational and managerial roles in the defence industry and worked in corporate finance and investment funds in London, focussing primarily on capital raising efforts and debt and equity investments in small-cap companies. He joined Regency Mines plc in 2011 as Corporate Finance Manager and has subsequently taken on the role of Chief Operations Officer. He also serves as an executive Director of Red Rock Resources plc, listed on AIM.



Edmund Bugnosen
BSC
Non-Executive Director

Edmund Bugnosen studied Mining Engineering in the Philippines and Environmental Science at the International Institute of Hydraulics and Environmental Engineering (IHE) in the Netherlands. He has considerable experience in the public and private sectors of the Philippine mining industry. Edmund also served as Senior Mining Engineer in the Department of Mines of Papua New Guinea and as a technical assistant to the Namibian Ministry of Mines and Energy. Based in the UK for over two decades as a consultant, he has undertaken numerous assignments for governments, mining companies, NGOs and development agencies, including the UN, the EU, the World Bank, ILO, DFID, and the BGS. He is currently working on the Community Development Fund regulation and guidelines for the mining sector of Lao PDR through a World Bank project.

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the Group and Parent Company, together with the Group financial statements for the year ended 30 June 2016.

Results and dividends

The Group's results are set out in the Group Income Statement on page 26. The audited financial statements for the year ended 30 June 2016 are set out on pages 24 to 59.

The Group made a loss after taxation of £1,965,722 (2015: £5,888,742). The Directors do not recommend the payment of a dividend.

Business review and future developments

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

Fundraising and share capital

During the year, cash of £781,595 (2015: £1,049,765) was raised by the issue of new equity of 571,957,422 (2015: 577,587,639) new ordinary shares; further details are given in note 17.

Directors

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

Andrew R M Bell
 Edmund Bugnosen
 Scott C Kaintz
 Julian M E Lee (resigned 30 September 2015)
 John Watkins (resigned 15 September 2015)

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

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

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

Events after the reporting period

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

Auditor

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

Substantial shareholdings

On 30 June 2016 and 1 November 2016, the following were registered as being interested in 3% or more of the Company's Ordinary share capital:

	30 June 2016		1 November 2016	
	Ordinary shares of £0.001 each	Percentage of issued share capital	Ordinary shares of £0.001 each	Percentage of issued share capital
W B Nominees Limited	41,077,750	16.28%	—	—
Beaufort Nominees Limited – Designation SSLNOMS	—	—	47,799,423	14.60%
Barclayshare Nominees Limited	23,722,795	9.40%	42,026,273	12.84%
TD Direct Investing Nominees (Europe) Limited – Designation SMKTNOMS	23,163,774	9.18%	31,413,359	9.60%
Jim Nominees Limited – Designation JARVIS	21,069,372	8.35%	26,319,321	8.04%
Hargreaves Lansdown (Nominees) Limited – Designation 15942	—	—	17,849,056	5.45%
TD Direct Investing Nominees (Europe) Limited – Designation SMKTISAS	11,028,786	4.37%	15,696,232	4.79%
HSDL Nominees Limited	10,510,125	4.16%	—	—
Regency Mines Plc Share Incentive Plan	9,304,823	3.69%	—	—
Hargreaves Lansdown (Nominees) Limited – Designation HLNOM	—	—	11,206,798	3.42%
Peel Hunt Holdings Limited – Designation PMPRINC	8,591,324	3.40%	—	—
Hargreaves Lansdown (Nominees) Limited – Designation VRA	—	—	10,952,640	3.35%
Pershing Nominees Limited – Designation MDCLT	8,036,806	3.18%	—	—
ABN Amro Global Nominees Limited – Designation 573MAIN	—	—	10,000,000	3.05%
Total number of shares in issue	252,384,571		327,384,571	

Management incentives

During the year, the Company granted options over ordinary shares for the benefit of Directors and senior members of staff, none of which have been exercised at 30 June 2016.

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

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

The subscriptions remain free of taxation and national insurance if held for five years. Further details on share options and Share Incentive Plan are set out in note 18 to the financial statements.

Directors' remuneration

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

Fees paid to each Director for the year ended 30 June 2016 are set out in note 7 to the financial statements. Each Director is entitled to participate in the Share Incentive Plan.

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

The Company is closely associated with Red Rock Resources plc, in which the Company has a 2.32% interest as at 30 June 2016. Red Rock Resources plc has 0.67% interest in the Company as at 30 June 2016. Two Directors, Andrew Bell and Scott Kaintz, were also Directors of and received a salary from Red Rock Resources plc. The amount of their remuneration for their role as directors of Red Rock Resources plc is not required to be disclosed in the Company financial statements but is fully disclosed in the financial statements of Red Rock Resources plc.

Governance

DIRECTORS' REPORT CONTINUED

Corporate governance statement

Corporate governance statement follows on pages 22 to 23.

Control procedures

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

Environmental responsibility

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

Employment policies

The Group is committed to promoting policies, which ensure that high calibre employees are attracted, retained and motivated, to ensure the 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 an Emergency Response and Evacuation Plan ("EREP") in all its projects.

Going concern

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

The consolidated entity continues to be reliant upon completion of capital raising for continued operations, the provision of working capital and for the repayment of the £282,299 interest bearing loan due for full settlement in December 2016 and expected to be refinanced with the lender with repayments later in 2016. Whilst the Directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

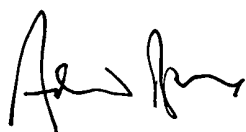
During the fiscal year the Board of Directors has completed the disposal of its entire investment in Ram Resources for a total consideration of £89,190.36. Further to this after the year end the Board has surrendered its conversion rights of its remaining direct interest in the Fraser Range project to Ram Resources for a total of £55,386.32.

The Group's cash flow forecast for the 12 months ending 31 December 2017 highlights the fact that the company is expected to generate negative cash flow through that period. The Board of Directors are evaluating all the options available, including the injection of funds into the Group during the next 12 months, and are confident that the necessary funds will be raised in order for the Group to remain cash positive for the whole period.

The Directors are confident in the Company's ability to raise new finance from stock markets if this is required during 2017 and the Group has demonstrated a consistent ability to do so. This includes multiple share issuances of 150 million (post-consolidation) shares for a total consideration of £0.876 million during the 2015-16 financial year.

If additional equity capital is not obtained, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

By order of the Board



Andrew Bell
Chairman and CEO
6 December 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

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

The Directors confirm that:

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

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

Role of the Board

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

Responsibilities of the Board

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

Board of Directors

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

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

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

Executive Chairman

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

Board meetings

The Board meets regularly throughout the year. During the year ended 30 June 2016 the Board met thirteen times in relation to normal operational matters.

Board committees

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

Audit Committee

The Audit Committee considers the Group's financial reporting, including accounting policies, and internal financial controls. It is responsible for ensuring that the financial performance of the Group is properly monitored and reported on. The Audit Committee meets at least twice a year, once with the auditors, and is comprised of Edmund Bugnosen, Non-Executive Director, as Chairman and Scott Kaintz, Executive Director. The Executive Chairman and senior personnel attend the Committee as requested by the Committee. It is the responsibility of the Committee to review the annual and half-yearly financial statements, to ensure that they adequately comply with appropriate accounting policies, practices and legal requirements, to recommend to the Board their adoption, and to consider the independence of and to oversee 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 Non-Executive Director, Edmund Bugnosen as Chairman and Andrew Bell, Executive Director. The other Executive Director and other senior personnel attend meetings as requested by the Committee which meets at least twice a year.

Nominations Committee

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

Ethical decision making

Confidentiality

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

Bribery

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

Internal controls

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

Insurance

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

Treasury policy

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

Securities trading and share dealing

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

Relations with shareholders

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

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

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

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 2016, 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 21, 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 2016 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 Strategic Report and Directors' Report for the financial year, for which the financial statements are prepared, is consistent with the financial statements.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements, concerning the group's ability to continue as a going concern.

The consolidated entity incurred a net loss of £1,965,722 for the year ended 30 June 2016 and, at that date, the Group's current liabilities exceeded its current assets by £548,663.

As explained in note 1.2, the Group has implemented plans to minimise its cash outflows by continuously reducing its overheads and corporate expenditure. The Directors were relying on capital raising for funding during the current fiscal year.

These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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.

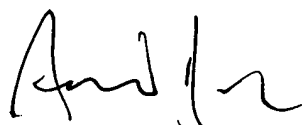
Rowan J Palmer (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
6 December 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	30 June 2016 £	30 June 2015 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	21,716	8,828
Investments in associates and joint ventures	11	1,638,113	1,660,854
Available for sale financial assets	12	1,147,460	995,011
Exploration assets	13	233,900	829,151
Trade and other receivables	14	1,202,312	1,195,907
Total non-current assets		4,243,501	4,689,751
Current assets			
Cash and cash equivalents	20	7,960	3,565
Trade and other receivables	14	344,815	634,776
Total current assets		352,775	638,341
Total assets		4,596,276	5,328,092
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Called up share capital	18	1,872,523	1,815,326
Share premium account		17,399,710	16,700,261
Share-based payment reserve		22,945	—
Other reserves		301,691	60,140
Retained earnings		(15,902,031)	(13,936,310)
Total equity		3,694,838	4,639,417
LIABILITIES			
Current liabilities			
Trade and other payables	15	619,139	393,685
Short-term borrowings	15	282,299	294,990
Total current liabilities		901,438	688,675
Total equity and liabilities		4,596,276	5,328,092

These financial statements on pages 24 to 59 were approved by the Board of Directors and authorised for issue on 6 December 2016 and are signed on its behalf by:



Andrew R M Bell
Executive Chairman

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Year to 30 June 2016 £	Year to 30 June 2015 (restated) £
REVENUE			
Management services		24,910	29,640
Total revenue		24,910	29,640
Gain/(loss) on dilution of interest in associate		19,325	(215,157)
Loss on sales of investments		(86,735)	(382,678)
Adjustment to proceeds on prior year sale of tenements		(48,049)	66,469
Impairment of available for sale financial assets		(547,068)	(3,425,976)
Exploration expenses		(611)	(6,747)
Impairment of exploration assets		(658,281)	(553,096)
Administrative expenses (net)		(594,733)	(964,761)
Share of losses of associates and joint ventures (net of tax)		(48,430)	(420,418)
Finance costs, net	4	(26,050)	(16,018)
Loss for the year before taxation	3	(1,965,722)	(5,888,742)
Tax credit	5	—	—
Loss for the year attributable to owners of the Parent		(1,965,722)	(5,888,742)
Loss per share attributable to owners of the Parent			
Loss per share – basic	8	(1.20) pence	(6.77) pence
Loss per share – diluted	8	(1.20) pence	(6.77) pence

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

Notes	30 June 2016 £	30 June 2015 £
Loss for the year	(1,965,722)	(5,888,742)
Other comprehensive (expense)/income		
Items that will be reclassified subsequently to profit or loss		
Surplus on revaluation of available for sale financial assets	184,297	394,641
Share of other comprehensive income of associates	6,364	(12,814)
<i>Unrealised foreign currency gain</i>	50,892	48,450
Other comprehensive income/(expense) for the year	241,553	430,277
Total comprehensive expense for the year attributable to owners of the Parent	(1,724,169)	(5,458,465)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

The movements in equity during the year were as follows:

	Share capital £	Share premium account £	Retained earnings £	Share-based payment reserve £	Other reserves £	Total equity £
As at 30 June 2014	1,475,403	15,944,484	(8,089,080)	41,512	(370,137)	9,002,182
Changes in equity for 2015						
Loss for the year	—	—	(5,888,742)	—	—	(5,888,742)
Other comprehensive income for the year	—	—	—	—	430,277	430,277
Transactions with owners						
Issue of shares	339,923	782,132	—	—	—	1,122,055
Share issue and fundraising costs	—	(26,355)	—	—	—	(26,355)
Share-based payment transfer	—	—	41,512	(41,512)	—	—
Total transactions with owners	339,923	755,777	41,512	(41,512)	—	1,095,700
As at 30 June 2015	1,815,326	16,700,261	(13,936,310)	—	60,140	4,639,417
Changes in equity for 2016						
Loss for the year	—	—	(1,965,722)	—	—	(1,965,722)
Other comprehensive income for the year	—	—	—	—	241,553	241,553
Transactions with owners						
Issue of shares	57,196	749,449	—	—	—	806,645
Share issue and fundraising costs	—	(50,000)	—	—	—	(50,000)
Share-based payment transfer	—	—	—	22,945	—	22,945
Total transactions with owners	57,196	699,449	—	22,945	—	779,590
As at 30 June 2016	1,872,522	17,399,710	(15,902,032)	22,945	301,693	3,694,838

	Available for sale financial asset reserve £	Associate investments reserve £	Foreign currency translation reserve £	Total other reserves £
As at 30 June 2014	(311,934)	(403,989)	345,786	(370,137)
Changes in equity for 2015				
Other comprehensive (expense)/income for the year	394,641	(12,814)	48,450	430,277
As at 30 June 2015	82,707	(416,803)	394,236	60,140
Changes in equity for 2016				
Other comprehensive (expense)/income for the year	184,297	6,364	50,892	241,553
As at 30 June 2016	267,004	(410,439)	445,128	301,693

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Year to 30 June 2016 £	Year to 30 June 2015 £
Cash flows from operating activities		
Loss before taxation	(1,965,722)	(5,888,742)
Decrease/(Increase) in receivables	283,555	(93,569)
Increase/(decrease) in payables	225,453	(109,740)
Depreciation	7,453	13,734
Impairment of exploration properties	658,281	553,096
Share-based payments	47,995	72,290
Currency adjustments	(26,871)	154,425
Finance cost, net	26,050	16,018
Share of losses of associate	48,430	420,418
Loss on sale of investments	86,735	382,678
Adjustment to proceeds on prior year sale of tenements	48,049	(66,469)
Impairment of available for sale financial assets	547,068	3,425,976
(Gain)/loss on dilution of interest in associate	(19,325)	215,157
Net cash outflow from operations	(32,849)	(904,728)
Cash flows from investing activities		
Interest received	15,869	17,003
Proceeds from sale of investments	124,158	605,123
Purchase of property, plant and equipment	(20,343)	—
Purchase of available for sale financial assets	(674,498)	(300,000)
Payments for exploration costs	(37,771)	(347,428)
Payments for investments in associates and joint ventures	—	(75,000)
Net cash outflow from investing activities	(592,585)	(100,302)
Cash inflows from financing activities		
Proceeds from issue of shares	781,595	1,049,765
Transaction costs of issue of shares	(50,000)	(26,355)
Interest paid	(41,919)	(33,021)
Proceeds of new borrowings	—	99,787
Repayment of borrowings	(59,847)	(348,906)
Net cash inflow from financing activities	629,829	741,270
Net (decrease)/increase in cash and cash equivalents	4,395	(263,760)
Cash and cash equivalents at the beginning of period	3,565	267,325
Cash and cash equivalents at end of period	7,960	3,565

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	30 June 2016 £	30 June 2015 £
ASSETS			
Non-current assets			
Property, plant and equipment	9	21,716	8,828
Investments in subsidiaries	10	482	482
Investments in associates and joint ventures	11	1,754,773	1,827,454
Available for sale financial assets	12	1,147,460	909,749
Exploration assets	13	40,402	662,384
Trade and other receivables	14	2,003,858	2,109,247
Total non-current assets		4,968,691	5,518,144
Current assets			
Cash and cash equivalents	20	6,626	2,432
Trade and other receivables	14	286,455	439,359
Total current assets		293,081	441,791
Total assets		5,261,772	5,959,935
EQUITY AND LIABILITIES			
Called up share capital	18	1,872,522	1,815,326
Share premium account		17,399,710	16,700,261
Other reserves		240,772	33,530
Retained earnings		(15,148,556)	(13,267,690)
Total equity		4,364,448	5,281,427
LIABILITIES			
Current liabilities			
Trade and other payables	15	615,025	383,518
Short-term borrowings	15	282,299	294,990
Total current liabilities		897,324	678,508
Total equity and liabilities		5,261,772	5,959,935

These financial statements on pages 24 to 59 were approved by the Board of Directors and authorised for issue on 6 December 2016 and are signed on its behalf by:



Andrew R M Bell
Executive Chairman

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

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

The movements in reserves during the year were as follows:

	Share capital £	Share premium account £	Retained earnings £	Other reserves £	Total equity £
As at 30 June 2014	1,475,403	15,944,484	(7,303,631)	(336,651)	9,779,605
Changes in equity for 2015					
Loss for the year	—	—	(6,005,571)	—	(6,005,571)
Other comprehensive expense for the year	—	—	—	411,693	411,693
Transactions with owners					
Issue of shares	339,923	782,132	—	—	1,122,055
Share issue and fundraising costs	—	(26,355)	—	—	(26,355)
Share based payment transfer	—	—	41,512	(41,512)	—
Total transactions with owners	339,923	755,777	41,512	(41,512)	1,095,700
As at 30 June 2015	1,815,326	16,700,261	(13,267,690)	33,530	5,281,427
Changes in equity for 2016					
Loss for the year	—	—	(1,880,866)	—	(1,880,866)
Other comprehensive income for the year	—	—	—	184,297	184,297
Transactions with owners					
Issue of shares	57,196	749,449	—	—	806,645
Share issue and fundraising costs	—	(50,000)	—	—	(50,000)
Share based payment transfer	—	—	—	22,945	22,945
Total transactions with owners	57,196	699,449	—	22,945	779,590
As at 30 June 2016	1,872,522	17,399,710	(15,148,556)	240,772	4,364,448

	Available for sale financial asset reserve £	Share-based payment reserve £	Currency reserve £	Total other reserves £
As at 30 June 2014	(380,135)	41,512	1,972	(336,651)
Changes in equity for 2015				
Other comprehensive expense for the year	411,693	—	—	411,693
Share based payment transfer	—	(41,512)	—	(41,512)
As at 30 June 2015	31,558	—	1,972	33,530
Changes in equity for 2016				
Other comprehensive income for the year	184,297	—	—	184,297
Share based payment transfer	—	22,945	—	22,945
As at 30 June 2016	215,855	22,945	1,972	240,772

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

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Year to 30 June 2016 €	Year to 30 June 2015 €
Cash flows from operating activities		
Loss before taxation	(1,880,866)	(6,005,571)
Decrease/(increase) in receivables	258,294	(194,339)
Increase/(decrease) in payables	231,509	(117,230)
Depreciation	7,453	13,734
Share-based payments	47,995	72,290
Finance costs, net	26,050	16,018
Currency (gain)/loss	47,156	55,846
Loss on sale of investments	18,474	382,678
Impairment of associate	72,678	1,063,515
Impairment of available for sale investment	478,454	3,425,976
Impairment of exploration expenses	658,281	351,689
Net cash outflow from operations	(34,522)	(935,394)
Cash flows from investing activities		
Interest received	15,869	17,003
Payments for exploration costs	(36,299)	(315,147)
Payments for investments in associates and joint ventures	–	(75,000)
Purchase of property, plant and equipment	(20,343)	–
Purchase of available for sale financial assets	(674,498)	(300,000)
Proceeds from sale of investments	124,158	605,123
Net cash outflow from investing activities	(591,113)	(68,021)
Cash inflows from financing activities		
Proceeds from issue of shares	781,595	1,049,765
Transaction costs of issue of shares	(50,000)	(26,355)
Interest paid	(41,919)	(33,021)
Proceeds of new borrowings	–	99,787
Repayments of borrowings	(59,847)	(348,906)
Net cash inflow from financing activities	629,829	741,270
Net (decrease)/increase in cash and cash equivalents	4,194	(262,145)
Cash and cash equivalents at the beginning of period	2,432	264,577
Cash and cash equivalents at end of period	6,626	2,432

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. Principal accounting policies

1.1 Authorisation of financial statements and statement of compliance with IFRS

The Group financial statements of Regency Mines plc ("the Company" or "Regency") for the year ended 30 June 2016 were authorised for issue by the Board on 6 December 2016 and signed on the Board's behalf by Andrew Bell and Scott Kaintz. Regency Mines plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

1.2 Basis of preparation

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

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

Going concern

The consolidated entity has incurred a loss before tax of £1,965,722 for the year ended 30 June 2016, and has a net cash outflow of £625,634 from operating and investing activities. At that date, there was a net current liability position of £548,663. The loss resulted mainly from provisions taken against the carrying value of holdings in Direct Nickel Limited and exploration assets in Sudan.

The consolidated entity continues to be reliant upon completion of capital raising for continued operations, the provision of working capital and for the repayment of the £282,299 interest bearing loan due for full settlement in December 2016 and expected to be financed with the lender with repayments starting later in 2016. Whilst the Directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

During the fiscal year, the Board of Directors has completed the disposal of its entire investment in Ram Resources for a total consideration of £89,130.36. Further to this, the Board has surrendered its conversion rights of its remaining direct interest in the Fraser Range project to Ram Resources for a total of £55,386.32.

The Group's cash flow forecast for the 12 months ending 31 December 2017 highlights the fact that the Company is expected to generate negative cash flow through that period. The Board of Directors are evaluating all the options available, including the injection of funds into the Group during the next 12 months, and are confident that the necessary funds will be raised in order for the Group to remain cash positive for the whole period.

The Directors are confident in the Company's ability to raise new finance from stock markets if this is required during 2017 and the Group has demonstrated a consistent ability to do so. This includes multiple share issuances of 150 million (post-consolidation) shares for a total consideration of £0.876 million during the 2015-16 financial year.

If additional equity capital is not obtained, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 £1,880,866 (2015: £6,005,571). The Company's other comprehensive income for the financial year was £184,297 (2015: £411,693).

Amendments to published standards effective for the year ended 30 June 2016

New standards, amendments and interpretations adopted by the Company

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 July 2014 are not material to the Company.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. Principal accounting policies continued

1.2 Basis of preparation continued

New standards, amendments and interpretations not yet adopted

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

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 14 in respect of Regulatory Deferral Accounts which will be effective for accounting periods beginning on or after 1 January 2016.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2017.
- Amendments to IFRS 10, IFRS 12 and IAS 28 in respect of the application of the consolidation exemption to investment entities which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IFRS 10 and IAS 28 in respect of the treatment of a sale or contribution of assets between an investor and its Associate or Joint Venture which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IFRS 11 in respect of Accounting for Acquisitions of Interest in Joint Operations which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 1 in respect of determining what information to disclose in annual financial statements which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 38 in respect of Clarification of Acceptable Methods of Depreciation and Amortisation which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 16 and IAS 41 in respect of Bearer Plants which will be effective for accounting periods beginning on or after 1 January 2016.
- Amendments to IAS 27 to allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates which will be effective for accounting periods beginning 1 January 2016.
- Annual improvements to IFRS's which will be effective for accounting periods beginning on or after 1 January 2016 as follows:
 - IFRS 5 – Changes in methods of disposal
 - IFRS 7 – Servicing contracts
 - IFRS 7 – Applicability of the amendments to IFRS 7 to condensed interim financial statements
 - IAS 19 – Discount rate: Regional market issue
 - IAS 34 – Disclosure of information "elsewhere in the interim financial report"

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Standards adopted early by the Group

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

1.3 Basis of consolidation

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

Subsidiaries

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

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

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. Principal accounting policies continued

1.3 Basis of consolidation continued

Subsidiaries continued

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 2016, 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.

1.4.2 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.

Principal accounting policies continued

1.4 Summary of significant accounting policies

1.4.3 Taxation

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

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

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

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

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

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

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

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

1.4.4 Property, plant and equipment

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

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

1.4.5 Foreign currencies

Both the functional and presentational currency of Regency Mines plc is Sterling (£). Each Group entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currencies of the foreign subsidiaries and joint ventures are the Australian Dollar ("AUD"), the Papua New Guinea Kina ("PNG") and the US Dollar ("USD").

Transactions in currencies other than the functional currency of the relevant entity are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are retranslated 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.6 Revenue

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

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

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

1.4.7 Exploration assets

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

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.

1.4.8 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.

1.4.9 Pension

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

1.4.10 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Principal accounting policies continued

1.4 Summary of significant accounting policies continued

1.4.11 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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Principal accounting policies continued

1.5 Significant accounting judgements, estimates and assumptions

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

Significant judgements in applying the accounting policies

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

Recognition of holdings less than 20% as an associate

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

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

The Company owns 2.32% (2015: 4.87%) 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 2016 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 £9,878 and decrease other comprehensive income by £6,364.

Significant accounting estimates and assumptions

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

Share-based payment transactions

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

Fair value measurement

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Principal accounting policies continued

1.5 Significant accounting judgements, estimates and assumptions continued

Significant accounting estimates and assumptions continued

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

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

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

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

Impairment of available for sale financial assets

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

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

As a result of the Group's evaluation, no impairment (2015: no impairment) on available for sale investments was recognised in the income statement.

2. Segmental analysis

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

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

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

At 30 June 2016 the Group had cash and cash equivalents of £7,960.

The market value of the most significant of the Group's listed investments at 30 June 2016 is as follows:

- Red Rock Resources plc: £40,881.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2. Segmental analysis continued

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

IFRS 8 requires the reporting of information about the revenues derived from the various areas of activity, 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 2016	Investment in Red Rock Resources plc £	Other investments £	Australian exploration £	Papua New Guinea exploration £	Corporate and unallocated £	Total £
Revenue						
Management services	—	—	—	—	24,910	24,910
	—	—	—	—	24,910	24,910
Gain on dilution of interest in associate	19,325	—	—	—	—	19,325
Adjustment to proceeds on prior year sale of tenements	—	—	(48,049)	—	—	(48,049)
Gain/(loss) on sale of investments	—	17,880	(104,616)	—	—	(86,736)
Exploration expenses	—	(658,281)	(611)	—	—	(658,892)
Administrative expenses*	—	—	84,526	—	(679,257)	(594,732)
Share of profits in associates	(48,430)	—	—	—	—	(48,430)
Impairment of available for sale investments	—	(547,067)	—	—	—	(547,067)
Finance cost – net	—	—	—	—	(26,050)	(26,050)
Net (loss)/profit before tax from continuing operations	(29,105)	(1,187,468)	(68,750)	—	(680,397)	(1,965,722)

Year to 30 June 2015	Investment in Red Rock Resources plc £	Other investments £	Australian exploration £	Papua New Guinea exploration £	Corporate and unallocated £	Total £
Revenue						
Management services	—	—	—	—	29,640	29,640
Gain on sale of tenements	—	—	66,469	—	—	66,469
	—	—	66,469	—	29,640	96,109
Loss on dilution of interest in associate	(215,157)	—	—	—	—	(215,157)
Loss on sale of investments	—	131,756	(514,434)	—	—	(382,678)
Exploration expenses	—	(341,404)	(208,154)	(10,285)	—	(559,843)
Administrative expenses*	—	—	(169,427)	—	(795,334)	(964,761)
Share of losses in associates	(431,906)	—	—	11,488	—	(420,418)
Impairment of available for sale investments	—	(3,425,976)	—	—	—	(3,425,976)
Finance cost – net	—	—	—	—	(16,018)	(16,018)
Net (loss)/profit before tax from continuing operations	(647,063)	(3,635,624)	(825,546)	1,203	(781,712)	(5,888,742)

* Included in administrative expenses is depreciation charge of £7,453 (2015: £13,734) under Corporate and unallocated.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 2016	UK £	Australia £	Papua New Guinea £	Sudan £	Other £	Total £
Revenue						
Management services	24,910	—	—	—	—	24,910
Adjustment to proceeds on prior year sale of tenements	—	(48,049)	—	—	—	(48,049)
Loss on sale of investments	—	(74,526)	—	—	—	(74,526)
Total segment revenue	24,910	(122,575)	—	—	—	(97,665)
Non-current assets						
Investments in associates and joint ventures	15,811	—	1,622,302	—	—	1,638,113
Property, plant and equipment	21,717	—	—	—	—	21,717
Available for sale financial assets	932,085	215,375	—	—	—	1,147,460
Exploration assets	—	175,527	—	—	58,375	233,901
Total segment non-current assets	969,613	390,902	1,622,302	—	58,375	3,041,191

Year to 30 June 2015	UK £	Australia £	Papua New Guinea £	Sudan £	Other £	Total £
Revenue						
Management services	29,640	—	—	—	—	29,640
Gain on sale of tenements	—	66,469	—	—	—	66,469
Total segment revenue	29,640	66,469	—	—	—	96,109
Non-current assets						
Investments in associates and joint ventures	—	—	1,660,854	—	—	1,660,854
Property, plant and equipment	8,828	—	—	—	—	8,828
Available for sale financial assets	147,307	847,704	—	—	—	995,011
Exploration assets	—	149,141	—	626,810	53,200	829,151
Total segment non-current assets	156,135	996,845	1,660,854	626,810	53,200	3,493,844

3. Loss on ordinary activities before taxation

Group	2016 £	2015 £
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
fees payable to the Company's auditor for the audit of consolidated and Company financial statements	15,000	15,000
fees payable to subsidiary auditors for the audit of subsidiary financial statements	2,294	2,225
Depreciation	7,453	13,734
Directors' emoluments	172,855	204,401
Share-based payments – Directors	39,392	30,000
Share-based payments – Staff	8,603	42,290

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4. Finance costs, net

	2016 £	2015 £
Interest expense	(41,919)	(33,021)
Interest income	15,869	17,003
	(26,050)	(16,018)

5. Taxation

	2016 £	2015 £
Current period transaction of the Group		
UK corporation tax at 20.00% (2015: 20.75%) on profits for the period	—	—
Deferred tax		
Origination and reversal of temporary differences	—	—
Deferred tax assets derecognised	—	—
Tax (credit)	—	—
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(1,965,722)	(5,888,742)
Loss on ordinary activities at the average UK standard rate of 20.00% (2015: 20.75%)	(393,144)	(1,221,914)
Impact of subsidiaries and associates	5,943	(24,242)
Effect of non-deductible expense	241,070	948,066
Effect of tax benefit of losses carried forward	146,131	298,090
Current tax (credit)	—	—

Finance Act 2013 set the main rate of corporation tax at 20% from 1 April 2015 and at 20% from 1 April 2016.

6. Staff costs

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

	2016 £	2015 £
Wages and salaries	211,646	455,774
Severance costs	14,679	—
Pension	12,704	18,743
Social security costs	17,953	40,785
Employee share-based payment charge	47,995	72,290
Total staff costs	304,977	587,592

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

6. Staff costs continued

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

	2016 £	2015 £
Executives	3	5
Administration	1	7
Exploration	—	5
	4	17

The Company's staff are employed both by the Company and Red Rock Resources plc ("Red Rock"). During the year, staff costs of £34,151 (2015: £105,848) 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

2016	Directors' fees £	Consultancy fees £	Share-based payments £	Pension contributions £	Social security costs £	Total £
Executive Directors						
A R M Bell	48,000	15,000	15,883	3,485	3,156	85,524
S Kaintz	65,000	—	15,427	3,284	6,468	90,180
Non-Executive Directors						
E Bugnosen	18,000	—	8,082	934	1,006	28,022
J M E Lee (resigned 30 Sept 16)	4,500	—	—	—	(156)	4,344
J Watkins (resigned 15 Sept 16)	4,500	—	—	—	(322)	4,178
	140,000	15,000	39,392	7,703	10,152	212,247
2015						
Executive Directors						
A R M Bell	48,000	15,000	6,000	2,930	4,531	76,461
S Kaintz	65,000	—	6,000	3,138	7,440	81,578
Non-Executive Directors						
E Bugnosen	18,000	—	6,000	882	1,092	25,974
J M E Lee	18,000	—	6,000	—	1,163	25,163
J Watkins	18,000	—	6,000	—	1,225	25,225
	167,000	15,000	30,000	6,950	15,451	234,401

The number of Directors who exercised share options in year was nil (2015: nil).

During the year, the Company contributed to a Share Incentive Plan more fully described in the Directors' Report on pages 18 to 20. 1,339,074 (2015: 4,285,714) free shares were issued to each employee, including Directors, making a total of 5,356,296 (2015: 21,428,571) free shares issued.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

8. Loss per share

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

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

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

	2016	2015 (restated)
Loss attributable to equity holders of the Parent	£(1,965,722)	£(5,888,742)
Weighted average number of ordinary shares of £0.0001 (2015: £0.001) in issue	163,621,119	87,017,523
Loss per share – basic	(1.20) pence	(6.77) pence
Weighted average number of ordinary shares of £0.0001 (2015: £0.001) in issue inclusive of dilutive outstanding options	163,621,119	87,017,523
Loss per share – fully diluted	(1.20) pence	(6.77) pence

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

	2016 £	2015 (restated) £
Loss per share denominator	163,621,119	87,017,523
Weighted average number of dilutive share options	—	—
Diluted loss per share denominator	163,621,119	87,017,523

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 502,904 (2015: 3,201,099) which were not included in the calculation of diluted loss per share because they are non-dilutive for the year presented.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

9. Property, plant and equipment

Group and Company	Leasehold improvements £	Office furniture and equipment £	Total £
Cost			
At 1 July 2014	14,822	124,370	139,192
Additions	—	—	—
Disposals	—	—	—
Currency exchange	—	—	—
At 30 June 2015	14,822	124,370	139,192
Additions	18,000	2,342	20,342
At 30 June 2016	32,822	126,712	159,534
Depreciation			
At 1 July 2014	(10,756)	(105,874)	(116,630)
Charge	(4,066)	(9,668)	(13,734)
Currency exchange	—	—	—
At 30 June 2015	(14,822)	(115,542)	(130,364)
Charge	(600)	(6,853)	(7,453)
At 30 June 2016	(15,422)	(122,395)	(137,817)
Net book value			
At 30 June 2016	17,400	4,317	21,717
At 30 June 2015	—	8,828	8,828

10. Investments in subsidiaries

Company	£
Cost	
At 30 June 2016 and 2015	482
Impairment	
At 30 June 2016 and 2015	—
Net carrying value	
Net book amount at 30 June 2016 and 2015	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%	Dormant
Regency Resources Inc	USA	Ordinary	100%	Oil exploration

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

11. Investments in associates and joint ventures

	Group £	Company £
Carrying balance		
At 30 June 2014	2,234,244	2,815,969
Additions	75,000	75,000
Impairment	—	(1,063,515)
Loss on dilution of interest	(215,157)	—
Share of total comprehensive loss for the year	(433,233)	—
At 30 June 2015	1,660,854	1,827,454
Additions	—	—
Impairment	—	(72,678)
Loss on dilution of interest	19,325	—
Share of total comprehensive loss for the year	(42,066)	—
Net book amount at 30 June 2016	1,638,113	1,754,776

The market value of investments in listed associates as at 30 June 2016 was £40,881 (2015: £113,560).

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

Name	Country of registration	Class	Proportion held by Group	Accounting year end
Direct				
Red Rock Resources plc	England and Wales	Ordinary	2.32%	30 June 2016
Oro Nickel (Vanuatu) Limited	Vanuatu	Ordinary	50.00%	30 June 2016

Summarised financial information for the Company's associates and joint ventures, where available, as at 30 June 2016 is given below:

	For the year ended 30 June 2016			As at 30 June 2016	
	Revenue £	Loss £	Total comprehensive expense £	Assets £	Liabilities £
Red Rock Resources plc	—	(283,280)	(106,089)	10,538,727	(1,911,492)

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

12. Available for sale financial assets

	Group £	Company £
Net book amount		
At 30 June 2014	4,611,833	4,611,833
Additions during the year	402,314	300,000
Disposals during year	(987,801)	(987,801)
Impairments during the year	(3,425,976)	(3,425,976)
Revaluation	394,641	411,693
At 30 June 2015	995,011	909,749
Additions during the year	674,498	674,498
Disposals during year	(227,894)	(142,632)
Impairments during year	(478,452)	(478,452)
Revaluation	184,297	184,297
Net book value at 30 June 2016	1,147,460	1,147,460

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

13. Exploration assets

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Cost				
At 30 June 2015	2,540,744	2,684,318	1,014,073	698,926
Additions during the year	37,771	347,428	36,299	315,147
Disposals in the year	—	(200,647)	—	—
Exchange gains	206,603	(290,355)	—	—
At 30 June 2016	2,785,118	2,540,744	1,050,372	1,014,073
Impairment				
At 30 June 2015	(1,711,593)	(1,486,012)	(351,689)	—
Impairments recognised in the year	(658,281)	(553,096)	(658,281)	(351,689)
Disposals in the year	—	87,920	—	—
Exchange gains	(181,344)	240,225	—	—
At 30 June 2016	(2,551,218)	(1,711,593)	(1,009,970)	(351,689)
Net book value				
At 30 June 2016	233,900	829,152	40,402	662,384
At 30 June 2015	829,151	1,198,306	662,384	698,926

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

14. Trade and other receivables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Non-current				
Amounts owed by Group undertakings	—	—	801,546	913,340
Amounts owed by related parties				
due from associates and joint ventures	1,202,312	1,195,907	1,202,312	1,195,907
Total	1,202,312	1,195,907	2,003,858	2,109,247
Current				
Sundry debtors	222,617	287,211	164,257	91,794
Prepayments	35,232	29,683	35,232	29,683
Amounts owed by related parties				
due from associates and joint ventures	86,966	317,882	86,966	317,882
Total	344,815	634,776	286,455	439,359

15. Trade and other payables

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade and other payables	387,467	192,034	383,353	181,867
Accruals	221,663	197,680	221,663	197,680
Amounts due to related parties:				
due to associates	—	—	—	—
due to key management	10,009	3,971	10,009	3,971
Trade and other payables	619,139	393,685	615,025	383,518
Short-term borrowings	282,299	294,990	282,299	294,990
Total	901,438	688,675	897,324	678,508

YA Global Master SPV Limited

A short-term loan of £nil (2015: £99,787) was provided by YA Global Master SPV Limited. Interest on the balance of this loan is charged at a rate of 12% (2015: 12%) per annum. Repayments are made either in cash or by issue of shares in the Company in line with the terms of the agreement. The Company has pledged all of its shares in Oro Nickel (Vanuatu) Limited as well as 9,084,760 shares in Red Rock Resources plc as security for the loans.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

16. Reserves

Share premium

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

Foreign currency translation reserve

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

Retained earnings

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

Available for sale financial asset reserve

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

Associate investment reserve

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

Share-based payment reserve

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. Share capital of the Company

The share capital of the Company is as follows:

	2016 £	2015 £
Issued and fully paid		
1,788,918,926 deferred shares of £0.0009 each	—	1,610,027
2,052,990,373 ordinary shares of £0.0001 each	—	205,299
124,871,749 ordinary shares of £0.0001 each	12,487	—
1,788,918,926 deferred shares of £0.0009 each	1,610,027	—
2,497,434,980 A deferred shares of £0.000095 each	237,256	—
127,512,822 ordinary shares of £0.0001 each	12,752	—
As at 30 June	1,872,522	1,815,326
	Number £	Nominal £
Movement in share capital		
Ordinary shares of £0.0001 each		
As at 30 June 2014	1,475,402,734	1,475,403
Shares issued in the year to 30 June 2015	577,587,639	339,923
As at 30 June 2015	2,052,990,373	1,815,326
Issued 20 August 2015 at 0.00045 pence per share	444,444,600	44,444
As at 23 December 2015, pre-share re-organisation	2,497,434,973	1,859,770
23 December 2015, Share Re-organisation (see below)		
Issue of deferred shares of £0.000095 each	(2,497,434,973)	(237,256)
Issue of new ordinary shares of £0.000005 each	(2,497,434,973)	(12,487)
Share consolidation: 1 new ordinary share of £0.0001 for 20 ordinary shares of £0.000005	124,871,749	249,743
Issued 06 January 2016 at 0.525 pence per share	2,285,712	229
Issued 22 February 2016 at 0.325 pence per share	54,236,919	5,424
Issued 10 March 2016 at 0.6 pence per share	66,666,667	6,667
Issued 01 April 2016 at 0.425 pence per share	4,323,524	432
As at 30 June 2016 – ordinary shares of £0.0001 each	252,384,571	1,872,522

Change in Nominal Value/share re-organisation

The nominal value of shares in the company was originally 0.1 pence. At a shareholders meeting on 23 December 2015, the Company's shareholders approved a re-organisation of the company's shares which resulted in the creation of three classes of shares, being:

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

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

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.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

18. Share-based payments

Employee share options

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

At 30 June 2016, the Company had outstanding options to subscribe for Ordinary shares as follows:

	Options issued 04 June 2016 exercisable at 0.45 pence per share expiring 29 January 2022 Number
A R M Bell	2,960,000
S Kaintz	2,820,000
E Bugnosen	560,000
Employees	720,000
Total	7,060,000

Company and Group	2016		2015	
	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	—	—	13,200,000	3.00
Expired	—	—	(13,200,000)	3.00
Issued	7,060,000	0.45	—	—
Outstanding at the end of the period	7,060,000	0.45	—	—
Exercisable at the end of the period	7,060,000	0.45	—	—

During the financial year 7,060,000 options were issued at an exercise price of 0.45 pence (2015: nil) and they expire on 29 January 2022. A charge of £22,945 was posted to the income statement in respect of the share options issued during the year.

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

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

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 5,356,296 free and matching shares were awarded. On 6 January 2016 2,285,712 free shares with a fair value of 0.00525 pence were awarded, resulting in a share-based payment charge of £12,000 in the income statement. On 1 April 2016 3,070,584 free and matching shares with a fair value of 0.00425 pence were awarded, resulting in a share-based payment charge of £13,050 in the income statement.

Other options

On 22 February 2016, in relation to the Company's investment in Horse Hill, Angus Energy Plc was granted 17,898,183 options exercisable at a price of 0.39 pence per share and expiring within 18 months of the day of the grant.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

19. Cash and cash equivalents

Group	30 June 2016 £	Cash flow £	30 June 2015 £
Cash in hand and at bank	7,960	4,395	3,565

Company	30 June 2016 £	Cash flow £	30 June 2015 £
Cash in hand and at bank	6,626	4,194	2,432

20. Financial instruments

20.1 Categories of financial instruments

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

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

Group 30 June 2016	2016 £	2015 £
Financial assets		
Available for sale financial assets at fair value through other comprehensive income		
Quoted equity shares	7,587	232,572
Available for sale financial assets at cost		
Unquoted equity shares	1,139,873	762,439
Total available for sale financial assets	1,147,460	995,011
Loans and receivables		
Trade and other receivables	1,547,127	1,830,683
Total financial assets	2,694,587	2,825,694
Total current	1,547,127	1,830,683
Total non-current	1,147,460	995,011

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 mainly due to intercompany debt eliminated at the Group level.

Available for sale financial assets at cost

As at 30 June 2016, £1,139,873 of the Group's available for sale financial assets are valued at cost less impairment due to the investment being privately held and no quoted market price information is available. The Group's investment in Direct Nickel Ltd at 30 June 2016 is valued at £215,375 (2015: £762,439). There is currently no intention to dispose of this investment in the foreseeable future.

During the year the Group made a cash and share investment of £445,000 in the Horse Hill Development. At the year end, and based on the most recent transactions, this investment has been revalued to £749,498.

During the year the Group made a cash investment of £175,000 in Curzon Energy Plc. This investment is currently held at cost.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

20. Financial instruments continued

20.1 Categories of financial instruments continued

Financial instruments held at cost less impairment can be reconciled from beginning to ending balances as follows:

Group and Company	Unlisted investments at cost.	
	2016 £	2015 £
Brought forward	762,439	4,188,415
Additions	924,498	—
Disposals	—	—
Impairment	(547,064)	(3,425,976)
Carried forward	1,139,873	762,439
Group	2016	2015
30 June 2016	£	£
Financial liabilities		
Loans and borrowings		
Trade and other payables	619,139	393,685
Short-term borrowings	282,299	294,990
Total financial liabilities	901,438	688,675
Total current	901,438	688,675
Total non-current	—	—

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

Trade receivables and trade payables

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

Borrowings

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

20. Financial instruments continued

20.2 Fair values

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

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

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

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

Group	Level 1	Level 2	Level 3	Total
30 June 2016				
Available for sale financial assets at fair value through other comprehensive income				
Quoted equity shares	7,587	—	—	7,587
Unquoted equity shares	—	1,139,873	—	1,139,873
30 June 2015				
Available for sale financial assets at fair value through other comprehensive income				
Quoted equity shares	232,572	—	—	232,572
Unquoted equity shares	—	762,439	—	762,439

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

20. Financial instruments continued

20.3 Financial risk management policies

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

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

Specific financial risk exposures and management

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

Credit risk

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

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

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

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in note 14.

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

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

Liquidity risk

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

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

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

Market risk

Interest rate risk

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

Equity price risk

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

Foreign exchange risk

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

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

21. Significant agreements and transactions

Board Change
On 15 September 2015, John Watkins resigned from the Board of Directors.
On 1 October 2015, Julian Lee resigned from the Board of Directors.

Financing
• On 1 July 2015, the Company raised £100,000 by way of an issue of 139,164,318 new ordinary shares of 0.01 pence each in the Company to YA Global Master SPV Ltd ("Yorkville") under a SEDA facility at a price of 0.0719 pence per share.
• On 20 August 2015, the Company raised £200,000 by way of an issue of 444,444,600 new ordinary shares of 0.01 pence each in the Company at a price of 0.045 pence per share. For every two new ordinary shares, each subscriber will be issued with one warrant exercisable at 0.065 pence per share and expiring on 3 March 2017. The proceeds of the placing were applied to oil and gas investment due diligence activities, and for working capital purposes.
• On 10 March 2016, the Company raised £400,000 by way of an issue of 66,666,667 new ordinary shares of 0.01 pence each in the Company at a price of 0.6 pence per share. For every three new ordinary shares, each subscriber will be issued with one warrant exercisable on the following three dates: 1 July 2016, at an exercise price of 0.78 pence per share; 1 November 2016, at an exercise price of 1 pence per share; and 1 February 2017, at an exercise price of 1.2 pence per share. The proceeds of the placing was applied to oil activities and for working capital purposes.
Sale of Interests
• On 22 October 2015, the Company announced that it sold the whole of its residual 4.23% interest in Alba Mineral Resources plc ("Alba") for net proceeds of £91,878. The interest comprised 29,715,006 ordinary shares in Alba which at the mid-market closing price on 21 October 2015 had a market value of £96,574. The sale represents a £17,861 surplus over book cost of £74,017.
• On 25 November 2015, the Company announced that it sold its remaining 59,516,530 shares in Ram Resources Ltd ("RAM") for a total consideration of AUD118,437,89. During the year the Company sold a total of 74,000,000 shares for a total consideration of £188,005.66. The Company retained a 4% carried interest, convertible into RAM shares at the rate of AUD50,000 per 1% at the price of any placing, as well as a royalty, in RAM's Fraser Range Project.
Oil and Gas Co-operation Agreement
On 16 November 2015, the Company announced that it has begun active co-operation with American Resources Inc aimed at identifying and pursuing oil and gas investment opportunities in the Southern United States. The first project is contingent on satisfactory leasing arrangements and would involve the Company taking a 50% Working Interest in the planned redevelopment of the North Franchitas Oil project in Jackson and Matagorda Counties – Texas, USA, for an aggregate cost of up to US\$ 430,000.

Horse Hill Investment
On 22 February 2016, the Company announced that it signed a Heads of Agreement (the "Agreement") with Horse Hill Developments Ltd ("HHDL") for the Company to acquire a 5% interest in HHDL from Angus Energy Plc ("Angus"). HHDL is a special purpose company that owns a 65% participating interest in the Petroleum Exploration and Development Licence 137 ("PEDL 137") as well as the adjacent licence PEDL 246 in the Weald Basin, UK. The participants in the Horse Hill - 1 well are HHDL as operator with a 65% interest and Magellan Petroleum Corporation with a 35% interest. The initial consideration payable by the Company under the HOA was £400,000, to be satisfied as to £223,730 in cash, and as to £176,270 by issues of 54,236,919 new ordinary shares in the Company at a price per share of 0.325 pence. Additionally, the Company granted Angus 17,898,183 options exercisable at a price of 0.39 pence per share and expiring within 18 months of the day of the grant.

The valuation of the Company's HHDL shares was estimated based on a general increase in the price of shares sold and bought through arms' length transactions by various parties since the Horse Hill project was initiated and in particular by two transactions that have occurred in 2016 by UK Oil and Gas Plc ("UKOG"). In April 2016, it purchased 12% of HHDL from Angus energy for a total of £1.8m or £150k per 1% of HHDL. Subsequent to the Company's 30 June year end a further 6% of HHDL was purchased by UKOG from Flowermay Ltd for £1m, equating to £166.7k per 1% of HHDL. Given the timing of the second transaction post year-end it has been ignored and instead an uplift equating to £150k per 1% of the Company's stake in HHDL, equating to £750k total valuation has been utilised. This figure has been further adjusted to reflect the fact that a cash call of £54,497,83 was outstanding at financial year-end. It is important to note that shares in HHDL remain unlisted and thus relatively illiquid by capital market standards and thus this analysis must be based on a relatively small number of transactions.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

21. Significant agreements and transactions continued

Wyoming Oil Project

On 9 May 2016, the Company announced that Regency Resource Inc. ("RRI"), a wholly owned subsidiary of the Company, signed a Head of Agreement ("HOA") with private U.S. oil and gas company ("US Partner") to bid in an auction process under a Chapter 7 bankruptcy proceeding for a 75% non-operating working interest (net revenue interest to the Company of 60%) in an existing well ("Well") located in the prolific oil producing State of Wyoming. Pursuant to the HOA, the Company will carry its US partner for a 25% working interest in the completion of the Well and the next two wells drilled on the surrounding acreage. Thereafter, the costs will be met as to 75% by the Company and 25% by the US partner. The Company budgeted a commitment of under USD1,000,000 for the process and has agreed to pay the US partner a "prospect fee" of USD100,000 on the successful acquisition of the interest.

Curzon Energy Plc Investment (Formerly Westport Energy Plc)

On 26 May 2016, the Company announced an investment in Curzon Energy Plc ("Curzon"), a company formed to acquire natural gas operations in the United States. The Company agreed to subscribe for 21,875 new ordinary shares of £1.00 per share of Curzon at a price of £8.00 per share for a total consideration of £175,000 in a pre-IPO funding. Subsequently, the Curzon shares will be divided into 100 ordinary shares of £0.01 per share. Curzon seeks a listing on a London market and the Company commits to subscribe for a further £350,000 at a price of £0.10 per share ("IPO Subscription") upon admission of IPO shares. The Company is also to appoint a director to the Curzon board at the time of the IPO. Additionally, the Company is to receive additional Curzon shares at IPO in payment of a 7% fee ("Fee") to be taken in shares in Curzon in consideration of its entering into a one-year lock in on IPO Subscriptions and Fee shares.

Munglinup Graphite Disposal

On 14 June 2016, Gold Terrace Pty Ltd, a private Australian company, and the holder of the Graphite Australia Pty Ltd tenements, has notified the Company that it will issue the Company with 3,000,000 shares in the capital of the proposed listed vehicle. This was valued at approximately AUD120,000 against a carrying value in the books of AUD200,000.

Consolidation of Shares

On 23 December 2015, the Company announced that each of the existing 2,497,434,980 issued ordinary shares of 0.01 pence each in the capital of the Company ("Existing Ordinary Shares") will be subdivided into one A deferred share of 0.0095 pence each ("A Deferred Shares") and one new ordinary share of 0.0005 pence each. Furthermore, every 20 ordinary shares of 0.0005 pence each in the capital of the Company will be consolidated into one new ordinary share of 0.01 pence each ("New Ordinary Shares") and accordingly the Company will have 124,871,749 New Ordinary Shares in issue. The New Ordinary Shares will have the same rights and be subject to the same restrictions as the Existing Ordinary Shares in the Company's Articles of Association and the A Deferred Shares will have the rights and be subject to the restrictions attached to A Deferred Shares as set out in the Articles of Association.

Share Incentive Plan

On 12 January 2016, the Board of Directors approved the issue of 2,285,712 ordinary shares of 0.01 pence each in the Company under the Company's Share Incentive Plan ("SIP") for the 2015/16 tax year. 2,285,712 Free Shares have been awarded with reference to the mid-market closing price of 0.525 pence on 6 January 2016.

On 7 April 2016, the Board of Directors approved the issue of 4,323,524 ordinary shares of 0.01 pence each in the Company under the Company's Share Incentive Plan ("SIP") for the 2015/16 tax year. 564,704 Free Shares, 1,252,940 Partnership Shares and 2,505,880 Matching Shares have been awarded with reference to the mid-market closing price of 0.425 pence on 31 March 2016.

22. Commitments

As at 30 June 2016, 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.
- The Company has an existing joint lease agreement with Red Rock Resources plc and Greatland Gold plc relating to Ivybridge House, 1 Adam Street, London WC2N 6LE. The lease is non-cancellable until 1 December 2017. Future minimum annual rental and service charges payable by the Company are £38,850.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

23. Related party transactions

- On 5 April 2013, Regency Mines plc, Red Rock Resources plc where Andrew Bell currently is a Director and Greatland Gold plc, where Andrew Bell previously was a Director, entered into a joint lease at Ivybridge House, 1 Adam Street, London WC2N 6LE. The three companies also share service costs and other outgoings of an office. The total of these costs charged to Red Rock Resources plc during the year was £110,918 (2015: £151,632), of which £44,949 (2015: £48,725) represented the Company's share of the office rent and the balance services provided. Regency charges Greatland Gold plc fixed quarterly fees for rent and office costs which totalled £24,000 during the year (2015: £24,000).
- 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 charged to Red Rock Resources plc for the year was £15,869 (2015: £16,865).
- Related party receivables and payables are disclosed in notes 14 and 15, respectively.
- The Company held 9,084,760 shares (2.32%) in Red Rock Resources plc as at 30 June 2016.
- The key management personnel are the Directors and their remuneration is disclosed within note 7.

24. Events after the reporting period

Issue of new shares

- On 30 August 2016, the Company raised £300,000 by way of an issue of 75,000,000 new ordinary shares of 0.01 pence each in the Company at a price per share of 0.4 pence. Paul Johnson participated in £75,000 of this placing. The Company has also granted Paul Johnson the right to join the Board of the Company upon completion of the full placing. For every one share, each subscriber will be issued with one warrant exercisable at 0.8 pence per share and expiring on 11 March 2019.

Sale of interest

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

Direct Nickel Group – Restructuring

On 21 October 2016, the Company was informed of a restructuring of the Direct Nickel Group. Previously, the Company held a 6.78% stake in Direct Nickel Ltd ("DNiL"), which held 100% of Direct Nickel Holding Pty Ltd ("DNiH"), which held 100% shares in Direct Nickel Projects Pty Ltd ("DNiP"). After the restructuring, the Company will own 6.78% in DNiH which in turn holds 40% of DNiP. In addition to the Company's shareholding in DNiH, the Company will also effectively own a bonus of 0.339% in Planet Minerals Ltd.

Metallurgical Coal – Heads of Terms

On 25 November 2016, the Company announced a Head of Terms to acquire a 20% shareholding in Carbon Minerals Corporation ("CMC"), which has entered into an agreement to acquire the Rosa metallurgical coal mine (the "Rosa Mine") located in Alabama, United States in the Warrior Coal Basin. The acquisition is for a total consideration of USD1,650,000 payable monthly plus a royalty per ton produced. The Company is to pay an initial refundable cash deposit of £50,000 with a further £200,000 due after due diligence and completion of a shareholders' agreement.

Curzon Energy (Formerly Westport Energy Plc)

The Company was informed that the former Westport Energy Plc had renamed itself Curzon Energy Plc in December 2016.

25. Control

There is considered to be no controlling related party.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Regency Mines plc ("the Company") will be held at Ivybridge House, 1 Adam Street, London, WC2N 6LE on 30 December 2016 at 2 pm for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions in the cases of resolutions 1-4 and as a special resolution in the case of resolution 5.

Ordinary Resolutions

1. To receive the report of the Directors and the audited financial statements of the Company for the year ended 30 June 2016.
2. To re-elect Edmund Bugnosen as a Director of the Company, who retires by rotation under the Articles of Association of the Company and, being eligible, offers himself for re-election.
3. To re-appoint Chapman Davis LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine the remuneration of the auditors.
4. That in substitution for all existing and unexercised authorities, the directors of the company be and they are hereby generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 ('the Act') to exercise all or any of the powers of the company to allot equity securities (within the meaning of Section 560 of the Act) up to a maximum nominal amount of £60,000 provided that this authority shall, unless previously revoked or varied by the company in general meeting, expire on the earlier of the conclusion of the next Annual General Meeting of the company or 15 months after the passing of this Resolution, unless renewed or extended prior to such time except that the directors of the company may before the expiry of such period make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the directors of the company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

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

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

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

A form of proxy is provided.

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

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

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

Registered Office

Third Floor
55 Gower Street
London WC1E 6HQ

By order of the Board

Stephen Ronaldson
Company Secretary
6 December 2016

Registered in England and Wales Number: 5227458

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Entitlement to attend and vote

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

Appointment of proxies

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

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by facsimile transmission to 01252 719 232; and
- received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

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

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

Appointment of proxy by joint members

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

Changing proxy instructions

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

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

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

Termination of proxy appointments

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

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

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

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

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

Issued shares and total voting rights

10. As at 6 December 2016, the Company's issued share capital comprised 327,384,571 ordinary shares of £0.0001 each with voting rights. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 December 2016 is 327,384,571.

Communications with the Company

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

CREST

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

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

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

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

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

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

COMPANY INFORMATION AND ADVISERS

Directors

Andrew R M Bell
Chairman and CEO

Scott C Kaintz
Executive Director and COO

Edmund Sr Bugnosen
Non-Executive Director

All of

Ivybridge House
1 Adam Street
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Telephone

020 7747 9960

Secretary

Stephen Ronaldson

Registered office

55 Gower Street
London WC1E 6HQ

Website

www.regency-mines.com

Solicitors

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55 Gower Street
London WC1E 6HQ

Nominated adviser

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Accountants and tax advisers

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Surrey GU1 1UN

Broker

Dowgate Capital Stockbrokers Limited
Talisman House
Jubilee Walk
Three Bridges, Crawley
West Sussex RH10 1LQ

Bankers

Coutts & Co
440 Strand
London WC2R 0QS

Registrars

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

Registered number

05227458
Auditor
Chapman Davis LLP
2 Chapel Court
London SE1 1HH

