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Company Regency Mines PLC
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REGENCY MINES PLC ("Regency", "Regency Mines" or the "Company")

Final Results for the year ended 30 June 2009

7 December 2009

Chairman's statement

I am pleased to present the Company's annual report for the financial year to 30 June 2009. The Company's principal metal of interest is nickel, both through its Botue-Mambare lateritic nickel and cobalt project in Papua New Guinea ("PNG"), and through its sulphide nickel and gold project in the Lake Johnstone greenstone belt in Western Australia, as well as through a small holding of shares in AIM-quoted Alba Mineral Resources plc ("Alba"). The nickel price saw further decline during the year under review, reaching levels below \$10,000 a tonne at the end of calendar 2008 and trading lower in early 2009. This was a result of the economic and liquidity crisis that gripped the developed world at that time, and the consequent reduction in steel demand and output.

The nickel price has since recovered substantially, and although many commentators do not expect further progress in the near future, we tend to an optimistic view, as we did earlier in the year. The long term demand story for nickel appears to us to be unchanged. We took the opportunity of the extreme pessimism in the Spring to extend very substantially our holdings in the Lake Johnstone belt, and to acquire ground near Kambalda, also in Western Australia.

Our discussions with possible technology partners in relation to Botue-Mambare continued, and since the financial year end there have been developments of major significance, as discussed below.

Summary

The Company reports the following developments in the financial year to 30 June 2009:

- Share price decline from 2.375p to 0.9p;
- £942,000 new cash before expenses raised from share placings;
- Ground penetrating radar results acquired over 11 profiles and 51.2 km at Botue-Mambare lateritic nickel/cobalt project;
- 7 rig rotary core drill programme drilled 335 holes for 4,000m at Botue-Mambare lateritic nickel/cobalt project;
- Metallurgical report on Botue-Mambare limonite ore completed;
- Purchase of 25% of Botue-Mambare project to bring ownership to 100%;
- Geophysical survey of Lake Tay tenement in Lake Johnston greenstone belt;
- Option over four tenements in Lake Johnston greenstone belt and application for old mining lease area at Kambalda;
- Subscription to new issues at associate Red Rock Resources plc ("Red Rock").

Since the end of the financial year the following developments have occurred:

- Share price rise from 0.9p to 1.8p;
- £592,551 new cash before expenses raised from share placings;
- Standby Equity Distribution Agreement entered into;
- Exercise of Lake Johnstone option taking holdings in gold/nickel belt to 140km;
- Further geophysical work at Lake Johnstone trend identifies new targets;
- Receipt and interpretation of drill results from Botue-Mambare;
- Joint venture with Direct Nickel Pty Ltd on Botue-Mambare.

Financial review

The Group made a pre-tax loss of £716,922 (2008: loss of £458,432 after tax and minority interests) during the financial year; no dividends have been paid or proposed. The costs of exploration at Botue-Mambare amounting to £563,577 were capitalised since it is the view of management that this exploration, in the light of the drilling results now received, substantially increases project value.

As a result of placings of new shares in the Company during the financial year, which raised £942,000, the Group's total equity capital rose from £2,253,624 to £2,738,901 during the financial year.

Exploration review

The Company had an active year of exploration, with considerable activity, that has continued since year-end, at Botue-Mambare, as well as geophysical programmes and reinterpretation at the Company's tenements in Western Australia, which are prospective for sulphide nickel as well as gold.

The ground penetrating radar and drill programme have been extensively reported to shareholders both as post-balance sheet events in last year's report, and in announcements. It is worth however repeating the conclusions following the receipt of the sampling results since the end of the financial year. Detailed resource modelling and 3D imaging in order to determine the dimensions of the ore bodies has been carried out and will continue as further phases of exploration proceed.

The limonite zone southeast of the Arumu River averaged at 1.08% nickel and 0.11% cobalt over an average thickness of 8.10m. The saprolite body averaged at 1.36% nickel and 0.04% cobalt over 5.25m. The area to the northwest of the Arumu River showed average limonite grades of 1.05% nickel and 0.11% cobalt over 8.07m thickness and the underlying saprolite averages at 1.25% nickel and 0.04% cobalt over an average of 2.60m. These results suggest that there are two ore bodies, one on each side of the river.

The development of high grade limonite and saprolite profiles tend to occur across areas of shallow gradient over ridge tops, and along the base of ridges and valley floors. Bedrock type is an additional control on the laterite formation.

The first phase of exploration at Botue-Mambare, consisting of testing the more accessible incised slopes on the south west edge of the plateau, is now complete. This drilling programme, completed at the end of 2008, produced 4000m of drilled core.

More drilling is anticipated over the wider area of the main plateau (targeting the shallower gradients), as well as infill drilling between the completed lines, which will allow the extent of the high grade zones to be further constrained. There is potential to increase the thickness of the saprolite zones, as some holes in the recently completed programme may not have tested the full saprolite profile due to drill penetration issues. Future drilling activities will need to persist to greater average depth than encountered during this drill programme.

Corporate review

Since the financial year end we have carried out further fund raising, yielding a total of £592,551 before expenses.

Since the year end the Company has announced the signing of a Joint Venture Agreement with Direct Nickel Pty Ltd ("DNi"). The partners have agreed to co-operate on a 50/50 basis in the piloting and application of DNi's advanced nickel/cobalt leaching technology at the Botue-Mambare project. Regency will sell a 100% interest in the project for 50% of a new company which will hold rights to apply the DNi technology to the Botue-Mambare ore. It is likely that the venture will seek, directly or indirectly, an early listing to fund the pilot plant and the next stages of exploration. At that stage the approval of the Company's shareholders will be sought.

We are delighted by this positive outcome to our search for a technology partner, and convinced that this joint venture can deliver a large uplift in value for shareholders.

During the year Regency subscribed for 20,500,000 shares in the Company's associate Red Rock Resources plc ("Red Rock"). The Directors believe that the shareholding in Red Rock is a key asset of the group and given Red Rock's prospects the Company wanted to limit the dilution of its shareholding. Over the year Regency's holding in Red Rock fell from 37.8% to 29.4% as a result of Red Rock's fundraisings.

Personnel

I would like to thank all our staff for their considerable contribution during the year. We said goodbye to Ken Watson, a founder and director of the Company and welcomed, after the year end, Ed Bugnosen on to the board. Kamini Malnick joined our geological team and was logging core at Mambare within two weeks. Zhang Mengyang left, to trade metals in Shanghai, but remains available to advise on Chinese matters.

The Future

Regency will concentrate on progressing the early listing of the DNi joint venture, where there is huge potential for gain. We will also start to explore methodically by drilling our primary targets at Lake Johnstone.

We are confident that the Company has come out of the market downturn far stronger than it went in, and that an exciting year lies ahead.

Andrew Bell

Chairman & chief executive

4 December 2009

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Results and dividends

The Group incurred a loss of £716,922 (2008: loss £458,432 after taxation and minority interests).

The Directors do not recommend the payment of a dividend.

The following statements are extracted from the financial statements approved by the Board of Directors on 4 December 2009.

Consolidated income statement
for the year ended 30 June 2009

	Year ended 30 June 2009 £	Year ended 30 June 2008 £
Revenue		
Sales of investments	131,256	-
Cost of sales	(146,799)	-
Management services	58,046	34,971
Gross profit	<u>42,503</u>	<u>34,971</u>
Exploration expenses	(132,691)	(117,661)
Administrative expenses	(365,556)	(366,668)
Currency (loss)/gain	(48)	25,271
Operating (loss)	<u>(455,792)</u>	<u>(424,087)</u>
Share of operating losses in associates	(271,327)	(64,323)
Interest receivable	10,988	16,819
Interest payable	(791)	(369)
Loss on ordinary activities before taxation	<u>(716,922)</u>	<u>(471,960)</u>
Tax on profit on ordinary activities	-	6,250
Loss on ordinary activities after taxation	<u>(716,922)</u>	<u>(465,710)</u>
Minority interests	-	7,278
Retained loss for the period	<u>(716,922)</u>	<u>(458,432)</u>
Attributable to:		
Equity holders of the parent	<u>(716,922)</u>	<u>(458,432)</u>
Loss per share - basic and diluted	<u>(0.27) pence</u>	<u>(0.24) pence</u>

All the operations are considered to be continuing.

Consolidated statement of recognised gains and losses
for the year ended 30 June 2009

Year ended Year ended

	30 June 2009	30 June 2008
	£	£
Loss on revaluation of available for sale financial assets	(82,963)	(134,109)
Share of available for sale asset reserve of associate:		
- unrealised foreign translation	1,972	-
- unrealised gains recognised directly to equity	340,599	97,164
Unrealised currency gain	113,372	-
Surplus/(loss) recognised directly to equity	<u>372,980</u>	<u>(36,945)</u>
Loss for the financial period	(716,922)	(458,432)
Total recognised losses for the year	<u>(343,942)</u>	<u>(495,377)</u>
Attributable to:		
Equity holders of the parent	<u>(343,942)</u>	<u>(495,377)</u>

Consolidated balance sheet
as at 30 June 2009

	30 June 2009	30 June 2008
	£	£
Assets		
Non-current assets		
Tangible assets	10,396	12,708
Investments in associates	725,535	479,290
Goodwill	45,000	45,000
	<u>780,931</u>	<u>536,998</u>
Current assets		
Cash and cash equivalents	203,559	180,161
Trade and other receivables	167,162	295,339
Available for sale financial assets	219,584	372,836
Exploration properties	1,593,820	945,512
Total current assets	<u>2,184,125</u>	<u>1,793,848</u>
Total assets	<u>2,965,056</u>	<u>2,330,846</u>
Current liabilities		
Trade and other payables	(226,155)	(77,222)
Total liabilities	<u>(226,155)</u>	<u>(77,222)</u>
Net assets	<u>2,738,901</u>	<u>2,253,624</u>
Equity		
Called-up share capital	352,808	219,941
Share premium account	3,775,578	3,002,695
Retained earnings	(1,996,189)	(1,279,267)
Other reserves	606,704	327,877
Equity Shareholders' interests	<u>2,738,901</u>	<u>2,271,246</u>
Minority Interests	-	(17,622)
Total equity	<u>2,738,901</u>	<u>2,253,624</u>

Consolidated statement of changes in equity
for the year ended 30 June 2009

	Share capital	Share premium reserve	Retained earnings	Other reserves	Total
	£	£	£	£	£
As at 30 June 2007	170,226	1,726,816	(820,835)	354,478	1,430,685
Changes to equity for 2008					

Issue of shares	49,715	1,339,036	-	-	1,388,751
Share issue and fundraising costs	-	(63,157)	-	-	(63,157)
Loss for the year	-	-	(458,432)	(7,278)	(465,710)
Net unrealised (losses)/gains recognised directly to equity	-	-	-	(36,945)	(36,945)
As at 30 June 2008	219,941	3,002,695	(1,279,267)	310,255	2,253,624
Changes to equity for 2009					
Issue of shares	132,867	809,133	-	-	942,000
Share issue and fundraising costs	-	(36,250)	-	-	(36,250)
Loss for the year	-	-	(716,922)	-	(716,922)
Net unrealised gains recognised directly to equity	-	-	-	259,608	259,608
Unrealised currency gains	-	-	-	113,372	113,372
Share based payments	-	-	-	4,756	4,756
Consolidation reserve adjustment	-	-	-	(81,287)	(81,287)
As at 30 June 2009	352,808	3,775,578	(1,996,189)	606,704	2,738,901

Consolidated statement of changes in equity
for the year ended 30 June 2009, continued

	Share based payment reserve	Consolidation reserve	Available for sale financial assets reserve	Associate assets reserve	Currency reserve	Minority interests	Total other reserves
	£	£	£	£	£	£	£
As at 30 June 2007	112,992	247,185	-	-	-	(5,699)	354,478
Changes to equity for 2008							
Net unrealised (losses)/gains recognised directly to equity	-	-	(134,109)	97,164	-	-	(36,945)
Minority interests	-	4,645	-	-	-	(11,923)	(7,278)
As at 30 June 2008	112,992	251,830	(134,109)	97,164	-	(17,622)	310,255
Changes to equity for 2009							
Net unrealised (losses)/gains recognised directly to equity	-	-	(82,963)	340,599	1,972	-	259,608
Unrealised currency gains	-	-	-	-	113,372	-	113,372
Share based payments	4,756	-	-	-	-	-	4,756
Minority interests	-	(17,622)	-	-	-	17,622	-
Consolidation reserve adjustment	-	(81,287)	-	-	-	-	(81,287)
As at 30 June 2009	117,748	152,921	(217,072)	437,763	115,344	-	606,704

Consolidated cash flow statement
for the year ended 30 June 2009

	Group Year to 30 June 2008	Group Year to 30 June 2008
	£	£
Cash flows from operating activities		
Operating loss	(455,792)	(424,087)
Decrease/(increase) in receivables	128,177	(93,859)
Increase in payables	148,932	40,334
Depreciation	9,470	7,983
Exploration property costs	(590,100)	(387,111)
Impairment of exploration properties	51,587	-
Share based payments	4,756	-
Taxation refund	-	6,250
Currency gains	2,687	-
Cash (outflow) generated from operations	(700,283)	(1,144,421)

Cash flows from investing activities		
Interest received	10,988	16,819
Interest paid	(791)	(369)
Purchase of associate company investments	(175,000)	(201,500)
Purchase of fixed assets	(5,305)	(4,733)
Purchase of available-for-sale investments	(76,510)	(293,931)
Sale of available-for-sale investments	146,799	-
Net cash flows used in investing activities	(99,819)	(189,783)
Acquisitions and disposals		
Purchase of subsidiaries	(82,250)	-
Net cash (outflow) from acquisitions and disposals	(82,250)	-
Cash inflows from financing activities		
Proceeds from issue of shares	942,000	1,388,750
Transaction costs of issue of shares	(36,250)	(63,156)
Net cash flows from financing activities	905,750	1,325,594
Net increase/(decrease) in cash and cash equivalents	23,398	(8,610)
Cash and cash equivalents at the beginning of period	180,161	188,771
Cash and cash equivalents at end of period	203,559	180,161

Notes:

1. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies, and on a going concern basis.

2

Loss per share - Group	2009	2008
	£	£

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

Loss for the period	(716,922)	(458,432)
Weighted average number of Ordinary shares of £0.001 in issue	267,140,662	192,132,895
Loss per share - basic and diluted	(0.27) pence	(0.24) pence

As inclusion of the potential Ordinary shares would result in a decrease in the loss per share, they are considered to be anti-dilutive.

3. The financial information set out above does not constitute the Company's financial statements for the years ended 30 June 2009 or 2008. The financial information for 2008 is derived from the financial statements for 2008 which have been delivered to the Registrar of Companies. The auditors have reported on the 2008 statements; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The financial statements for 2009 have been audited and will be delivered to the Registrar of Companies following the Company's Annual General Meeting on 23 December 2009. The auditors have reported on the 2009 statements; their report was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

4. This announcement has been prepared on the basis of the accounting policies as stated in the financial statements for the year ended 30 June 2009.

5. Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.

6. A copy of the Company's annual report and accounts for 2009 is available on the Company's website, www.rrrplc.com and will be mailed to shareholders by 9 December 2009.

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