EDISON

Regency Mines

Oiling the wheels of diversification

Horse Hill results & valuation

Metals & mining

While Mambare remains a flagship asset, Regency Mines (RGM) has made three notable investments in recent months to diversify its interests, in particular into the oil and gas sector. In chronological order, these investments have been into onshore oil in the UK, oil in West Virginia and rare earths in Greenland.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
06/13	0.1	(4.7)	(0.55)	0.00	N/A	N/A
06/14	0.1	(1.5)	(0.12)	0.00	N/A	N/A
06/15e	0.0	(2.3)	(0.14)	0.00	N/A	N/A
06/16e	0.0	(1.8)	(0.10)	0.00	N/A	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation, exceptional items and share-based payments.

Horse Hill – geological and commercial upside

To date, Regency's £300k invested for a 5% interest in Horse Hill Developments Ltd has yielded a discovery of 3.1mmbbls of oil in the Upper Jurassic Portland sandstone. A further untested fault block to the south of the well is interpreted to contain a prospective in place oil gross volume of an additional 16.8mmbbls to give a potential total of 19.9mmbbls at an average porosity of over 16% and an average oil saturation index of 36mgHC/gTOC. At the present time, we value this resource at US$4.14m, or US$0.21/bbl, on a risked basis. While the Upper Jurassic Portland sandstone represents a conventional target, Kimmeridgian-age limestones represent upside. Kimmeridge clays in particular are renowned for hosting the majority of oil in the North Sea and the Kimmeridgian-age limestones exhibited both hydrocarbon shows and elevated mud gas readings during drilling (see pages 6-8).

Valuation: Up to 16.021p/share

Edison calculates that Regency's FY14 balance sheet adjusted for estimated changes in net cash and the valuation of its holdings of listed assets since June is 0.406p per Regency share. This rises to 0.711p/share in the event that Buli is developed and DNi (in which Regency has a 6.8% stake) re-rates proportionately (0.418p if it does so at current nickel and cobalt spot prices rather than Edison's long-term prices). Regency's value increases again, to 1.430p/share in the event that Mambare re-rates to the average in-situ resource multiple of a sample of its peers. Stated alternatively, RGM's estimated H114 enterprise value of £3.4m or US$5.3m equates to just US$6.95 per tonne of attributable in-situ nickel resource from its 50% Mambare interest (excluding other assets), which is a notable discount to the average of a sample of its peers. By contrast, if Mambare is developed by its joint venture partners at a production rate of 20,000t Ni a year at US$12.84/lb capex and US$2.71/lb opex, then RGM's value rises to c 16p at a long-term nickel price of US$21,135/t, or 2.288p at nickel's current spot price of US$15,650/t (at a discount rate of 10%). Note that excluded from this analysis are: 1) the value of farm-in rights under an option agreement with IMRAS in Sudan; 2) Regency's newly-acquired 25% working interest in the West Virginia Shallow-Oil Project; and 3) its 100% interest in the 340Mt inferred resource of the Motzfeldt multi-element project in Greenland.

Regency Mines is a research client of Edison Investment Research Limited

1 December 2014

Price	**0.18p**
Market cap	**£3m**
	US$1.5866/£
Net debt (£m) as at 30 June 2014	0.22
Shares in issue	1,788.9m
Free float	93%
Code	RGM
Primary exchange	AIM
Secondary exchange	N/A

Share price performance

%	1m	3m	12m
Abs	(48.5)	(38.6)	(69.6)
Rel (local)	(50.9)	(37.9)	(69.9)
52-week high/low		0.6p	0.2p

Business description

Regency Mines is an AIM-listed junior explorer with investments and exploration interests in base metals, rare earths, agro-minerals, and oil & gas. Its core competency is building value and scale in early-stage assets, where others are neither willing nor able to operate.

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Edison profile page

Investment summary: Oiling the wheels

RGM's flagship asset remains its 50% joint venture interest in the large-scale Mambare nickel laterite project in Papua New Guinea and its associated 6.8% interest in its (listed, but not trading) joint venture partner Direct Nickel Ltd (DNi). In recent months however, it has made three notable investments in onshore oil in the UK, oil in West Virginia and a rare earth prospect in Greenland. This report describes all three and values Regency's interest in the onshore oil prospect in the UK. Future reports will consider the value implications of developments in the US and Greenland as more information becomes available.

Horse Hill

Horse Hill is located on Petroleum Exploration and Development Licence (PEDL) 137, which is on the northern margin of the producing Weald Basin in southern England.

Hydrocarbon exploration history in the Weald Basin

The Weald Basin has a long history of oil and gas exploration ever since gas caused a fatal explosion at a water well in Hawkhurst in 1836. Probably the first wells drilled with the express purpose of hydrocarbon exploration were the Sub Wealden (Netherfield) wells in 1873-75, although more significant was the discovery of natural gas at Heathfield in East Sussex in 1895 while (again) sinking a well for water, which was later used commercially. Nevertheless, exploration did not begin in earnest until the period from 1930-60. During this time, BP drilled Heathfield 7, which produced gas, while d'Arcy's Ashdown 2 produced 750 gallons of oil per day and 12,000ft^3 of gas from sandy limestones in the Lower Lias (although this was considered sub-commercial). A decade later, in the 1960s, Esso made the Bolney gas discovery in shallow Wealden sands and the Bletchingley gas discovery in the Corallian Beds (although the latter was initially abandoned and only established commercially in 2009).

Exploration was further stimulated by the oil price rises of the 1970s and the discovery of Wytch Farm (Europe's largest onshore oilfield) in 1973 in the Wessex Basin in Dorset. The Wytch Farm discovery was particularly significant because progress in seismic acquisition allowed the exploration of the Mesozoic strata for the first time (although the discovery was made in the Sherwood [Triassic] sandstone, which is largely absent in the Weald Basin). Nevertheless, this development led to a host of commercial discoveries in the Middle Jurassic's Great Oolite reservoirs, including Humbly Grove, Herriard, Horndean, Stockbridge and Singleton in the western and southern sections of the basin. Discoveries in the Corallian, Portland and Purbeck reservoirs were also made at the same time in the northern and central part of the basin, including Palmers Wood, Godley Bridge, Albury and Brockham.

Drilling reached its zenith in 1986 when a total of 26 wells were spudded. During this decade, Petrochem Carless drilled 12 exploration wells and 17 appraisal wells, resulting in the Horndean discovery being advanced to production, while Amoco started production at Goodworth just one year after its discovery in 1987 and Ultramar established Stockbridge (originally drilled by Amoco in 1984) in 1990. BP drilled a further nine wells during the 1980s. In 1989, Kelt drilled Singleton 1 and then five appraisal wells before establishing production at what then proved to be the largest in-place oil volume of all of the fields in the basin. Around five wells a year were drilled in the 1990s and early 2000s, although many companies exited the Weald Basin during this time as a result of low oil prices. In 2010, Northern Petroleum drilled the Markwells Wood 1 oil discovery, discovering oil in Great Oolite cores along strike from Horndean.

As of February 2014, 117 exploration wells had been drilled in the Weald Basin, as a result of which 26 discoveries have been made, totalling in excess of c 400mmbbl oil and indicating a technical success ratio of 22%. Currently, there are 13 producing sites in the region, some as much as 30 years old.

DECC report on the geological potential of the Weald Basin

The Weald Basin is a Permian to Cretaceous extensional basin, bounded by major east-west trending zones of *en échelon* syn-depositional normal faults. Extension and basin formation has been linked to the reactivation of Variscan thrusts. The basin was inverted in Cenozoic times by compressive stresses oriented north-south. The preserved sedimentary fill exceeds 8,200ft (2,500m) in thickness in the depocentre, thinning out onto the London Platform to the north and north-east and to the south onto the Hampshire-Dieppe High. Considerable thicknesses have also been removed by erosion during the formation of the Weald-Artois Anticline. Estimates of the amount of sediment removed reach up to 7,000ft (2,130m) to the east of the basin centre.

Two petroleum systems exist in the Weald Basin – the first being the proven Lower Jurassic oil system and the second a newly predicted gas source in Palaeozoic (based on an analogy with the Paris Basin, to which the Weald was historically connected). Basin modelling suggests that the Oxford clay (see below) is within the oil window and is likely to have reached peak maturity for oil generation in the centre of the basin, but is probably marginally or insufficiently mature to have generated oil elsewhere in the basin. Burial history diagrams indicate that oil generation may have begun in the early Cretaceous and continued through to the early Tertiary. Kimmeridge clay (see below) by contrast is thought to be immature throughout much of the basin, with modelling and maturity studies predicting that only the base of the formation in the axial part of the basin may have entered the oil window. Existing production in the region is mainly charged and reservoired in Middle Jurassic, oolitic limestones in the western sections of the basin. However, Upper Jurassic sandstones are also productive for both gas and oil on the northern margin of the basin, including the Brockham (oil), Albury (gas) and Palmers Wood (oil) fields.

The Jurassic succession in the Weald Basin is a shale-dominated sequence with a relative paucity of interbedded limestones and sandstones. Five units contain organic-rich marine shale and are considered the primary source rocks responsible for the oil in the Weald Basin. These are the Mid and Upper Lias Clays (Lower Jurassic) and the Oxford Clay, Corallian Clay and Kimmeridge Clay (Upper Jurassic). The clay mineralogy of the region suggests that the majority have reached a maximum burial depth sufficient to reach the 'light oil' maturity zone. Several shallow samples are immature for oil generation, while deep samples from Balcombe 1 and Shalford 1 indicate burial into the 'wet gas' zone.

Mid Lias clay

The Mid Lias clay comprises a 125-300ft (38-90m) thick mudstone. According to the Department of Energy & Climate Change (DECC), the Mid Lias clay is mature for oil generation in the 'core mature area' of the basin, with a maximum net mature organic shale thickness of 62ft. Based on all available geochemical data, the average total organic carbon content (TOC) for Mid Lias clay is 1.2%, with eight of 94 analyses recording a TOC greater than or equal to 2%. In the 'core mature area', the average TOC is 1.1% and the average S1 (representing free hydrocarbons in a rock) is 0.88mg of hydrocarbons per gram of rock (denoted 0.88mgHC/gRock). The highest TOC values are 3.95% in Shrewton 1 and 5.94% in Marchwood 1, which are both in the west of the basin. Two samples have an oil saturation index (OSI – 'free oil' relative to TOC) greater than the 100mgHC/gTOC required (after adjusting for evaporation) for producible oil. Nowhere has the Mid Lias clay been buried sufficiently deeply however to have entered the gas window.

Upper Lias clay

The Upper Lias contains a 50-220ft thick mudstone. In the 'core mature area', the net thickness of organic-rich shale reaches 112ft. Based on all available geochemical data, the average TOC for the Upper Lias samples is 1.6%, with six of 28 analyses recording TOCs in excess of 2% and four recording TOCs in excess of 5% (in Shrewton 1 and two in East Wordham 1). Two samples have an oil saturation index greater than 100mgHC/gTOC (both also in East Wordham). In the basin centre, where the unit lies within the oil window, the average TOC is 1.45% and the average S1 is 1.07mgHC/gRock. As for the Mid Lias clay, nowhere has the Upper Lias been buried sufficiently deeply to have entered the gas window.

Oxford clay

The Oxford clay samples have a relatively low average TOC of 1.4%, but an increased number of samples (34 out of a total of 156) have a TOC in excess of 2%. Of particular note is the lower Oxford clay, which returned a maximum TOC of 7.8% and may represent a 'sweet spot' for future shale exploration.

Corallian clay

Although not one of the traditionally recognised source rocks of the Weald, high TOCs have also been recorded in the shales of the Corallian Group. The average TOC from all available Corallian analyses is 1.1%, with eight of 91 analyses recording TOCs in excess of 2% and one recording a TOC of 5.4% in Egbury 1.

Kimmeridge clay

Kimmeridge clay samples from the Weald Basin have an average TOC of 2.8%. On average, this is lower than the equivalent strata in Dorset (which averages 3.8%). However, a large proportion of the samples have a TOC in excess of 2%, with the middle Kimmeridgian clay (between and immediately below the mid-Kimmeridgian micrites) being more organic-rich than the lower and uppermost parts and therefore potentially representing another 'sweet-spot' for future shale exploration. The highest TOCs recorded in the Kimmeridge clay of the Weald area are 21.3% in Penshurst 1 and 20.9% in Ashour 1. In Dorset, samples from thin oil shale beds have yielded TOCs as high as 60%. Five samples have an oil saturation index value above the 100mgHC/gTOC required for producible oil. Most published maturity studies for Kimmeridge clay suggest that the unit is immature on the basin margins and only mature for oil generation in a small area in the basin centre. However, some studies report that it is immature across all of both the Weald and Wessex basins, while others suggest significant maturity levels in the centre of the Weald Basin. The presence of oil within the mid-Kimmeridge 1-micrite in Balcombe 1 is significant in that it may provide evidence for both maturity and the capacity of the Kimmeridge clay to generate oil – at least locally. The DECC suggests that at least the base of the Kimmeridge clay is mature across the central part of the Weald Basin. The upper part, which is more organic rich, has a smaller prospective area due to a combination of shallower maximum burial depth and shallower current-day depth after uplift.

For the Jurassic of the Weald Basin, the average oil saturation index is 28mgHC/gTOC, with a maximum of 148mgHC/gTOC from a single Kimmeridge clay sample.

Potential hydrocarbon traps

Mesozoic oil (including Jurassic) is typically trapped in Pre Upper Cretaceous aged structural closures, including footwall tilted fault blocks and horsts. Prospective tilt-blocks and horsts can occur anywhere in the Weald Basin, but appear to be best developed around the northern, western and southern margins of the basin. Mid-Tertiary inversion structures, developed by the reversal of earlier normal faults are also possible trapping mechanisms in hanging wall anticlines and downthrown closures.

Oil prospectivity in the Weald Basin – conclusion

Previous work at Wytch Farm has concluded that the oil in the Wessex Basin fields originated from the Lower Lias and that the Great Oolite reservoirs of the western Weald were sourced from a mixed Lower and Upper Lias source, with those in the east relying on Upper Lias sourcing. Given the poor source rock quality of the Lower Lias away from Dorset, however, the DECC concludes that the Mid and Upper Lias clays are more likely to be the source for much of the hydrocarbons found in the various reservoirs in the Weald Basin, although a contribution from the younger Oxford, Corallian and Kimmeridge clays and, possibly, older, pre-Jurassic strata could not be discounted.

The study identified the potential for significant volumes of oil-mature shale to be present at several horizons in the Jurassic in the centre of the basin, but concluded that shales further west and on the northern and southern flanks were not considered mature for oil generation. Oil-in-place for the combined five mature shale intervals was estimated to be in the range 2.2-4.4-8.6bnbbl (P90-P50-P10). In order of significance, the Kimmeridge clay is the largest contributor to the total (up to 44%), followed by the Oxford clay (23%), Mid Lias clay (13%), Upper Lias clay (10%) and finally the Corallian clay (10%). As rock volumes at shallower levels are excluded by using a more cautious maturation gradient or a shallower accessibility/viability cut-off however, the Kimmeridge clay falls to second (with 23% of the total) or even third place (with 20% of the total).

Note however that the low ratio of 'free oil' relative to TOC (ie the oil saturation index, or OSI) could also indicate that most of the 'free oil' is bound within the kerogen. Hence, with only limited well control and no flow testing, it has not yet been possible to make an estimate of the amount of shale oil that might ultimately be produced by the basin.

Infrastructure

The Weald Basin is well endowed with oil-related infrastructure. Oil from existing fields is exported by road or rail to refineries in the south-east of England or to Southampton's export facility. Gas is sold either to utilities or for electricity power generation and exported via the existing pipeline grid, which assures third-party access as long as the gas meets the required specifications.

Corporate structure

The Horse Hill-1 well is located on the northern side of the Weald Basin near Gatwick Airport. Horse Hill Developments Ltd (HHDL) is a special purpose company that owns a 65% participating interest and operatorship of onshore licences PEDL 137 (where the Horse Hill-1 well is located) and PEDL 246. Regency owns a 5% interest in HHDL. It also owns a 9.39% stake in Alba Mineral Resources, which also owns 5% of HHDL. Hence, Regency's total beneficial interest in HHDL is 5.47%. The participants in the Horse Hill-1 well are HHDL with a 65% working interest and Magellan Petroleum Corporation (Magellan) with a 35% interest. Regency's net attributable interest in PEDL 137 and 246 is therefore 3.56%.

Past exploration on PEDL 137

The Horse Hill prospect on PEDL 137 is a tilted horst structure similar to Palmers Wood, which lies c 20km (c 13 miles) to the north-east. It is bounded by east-west trending faults and downthrown to the north and south. Collendean Farm-1 was originally drilled by Esso in 1964 on the north-eastern edge of the structure and was reported to have yielded 'good oil shows' in the Jurassic reservoirs. Testing indicated that it did not flow. However, closer examination of the well's actual position showed that it was located too far to the north and therefore did not pass through the fault into the Horse Hill closure as originally intended, but was instead entirely on the downthrown side of the structure, outside closure.

Aside from the recent drill hole, Magellan has spent the past eight years integrating and upgrading much of the historic data relating to the region. As a result, it has now established a comprehensive digital database (using data compiled by Conoco, among others) and reprocessed it. In addition, it

has analysed some 720km of core material in order to refine and conclude geochemical and basin modelling studies to produce the first ever regional study based on the digital evaluation of integrated data.

Results to date

On 23 October, Regency announced that, following preliminary evaluation of the electric logs, the Horse Hill-1 well has discovered an oil accumulation in the conventional Upper Jurassic Portland Sandstone at a top reservoir depth of 1,791ft.

A preliminary most likely estimate of 3.1mmbbls of gross in place hydrocarbon volume has been calculated within the upper Portland, with a further gross un-risked in place prospective hydrocarbon volume of 16.8mmbbls of oil in a separate lower sand in the Portland interval located in an untested fault block to the south.

Exhibit 1: Estimated gross in place discovered and undiscovered oil volumes

In-place oil (mmbbls)	Low (P90)	Medium (P50)	High (P10)
Discovered	1.5	3.1	4.8
Undiscovered	7.8	16.8	29.7
Total	**9.3**	**19.9**	**34.5**

Source: Regency Mines

The upper Portland Sandstone reservoir, which produces at the nearby Brockham oil field, was also intersected by the (historic) Collendean Farm-1 exploration approximately 790m to the north of the Horse Hill-1 well. Using the 2D seismic data available and the well results, the operator has mapped an area of closure of approximately 3.8km^2 where the Portland Sandstone is above the observed oil down to at a depth of 1,901ft. Note that the presence of two wells within the same mapped structural closure significantly increases the confidence in a commercial discovery.

The gross oil bearing upper Portland Sandstone interval in Horse Hill-1 measures 102ft, has an average porosity of over 16% and an average oil saturation index estimated to be 36mgHC/gTOC. Based on regional and local trends, confirmed by wells at Brockham, these reservoir parameters indicate a high likelihood of production at commercial rates. The equivalent interval in the Collendean Farm-1 well, drilled by Esso in 1964, shows similar reservoir characteristics over a 97ft gross interval. The gross oil column contained within the Horse Hill-Collendean Farm structure is in excess of 140 feet.

The lower Portland Sandstone reservoir, which is seen to be water wet in both Horse Hill-1 and Collendean Farm-1, lies above the oil in an untested fault block to the south of the Horse Hill-1 well and is interpreted to contain a prospective in-place oil gross volume of 16.8mmbbls.

The Corallian Sandstone and Great Oolite targets in the Horse Hill-1 well are not seen on electric logging to contain moveable hydrocarbons. However, further evaluation of several thick Kimmeridgian-age limestones, which had hydrocarbon shows and elevated mud gas readings while drilling, may provide additional oil potential within the well.

Further analysis is continuing to establish the recoverable volume of oil that has been discovered.

Horse Hill discovery valuation considerations and implications

The following valuation method has been applied to Horse Hill according to the research principles of Edison's oil & gas team. The results represent current risked valuations of the estimated in-situ oil resource. They represent valuations in the absence of the results of any flow testing and are necessarily subject to change depending on the results of that test work.

In broad terms, the methodology involves applying a 30% expected recovery factor in order to estimate the volume of recoverable oil. An in-ground value (IGV) of US$5/bbl is then applied to the estimated volume of recoverable oil in order to generate an unrisked prospect valuation. The cost of incremental investment to convert the 'undiscovered' oil into 'discovered' oil is then deducted from

the valuation of the 'undiscovered' oil to generate a net unrisked prospect valuation. Note that the incremental investment for an additional well to confirm the 'undiscovered' oil is estimated at c US$8m. A risk factor of 90% is then applied to the net un-risked value of the 'undiscovered' oil to reflect geological risk. This generates a risked valuation of the Horse Hill prospect. The methodology is applied to the P10, P50 and P90 estimates of gross in place hydrocarbons in Exhibit 1, which then contribute to Edison's low, median and high-end valuations scenarios (Exhibit 6).

Alternatively, the share price of Alba is used as a proxy for the valuation of the Horse Hill prospect. Regency's and Alba's participation in the Horse Hill field was announced on 10 July. For the preceding fortnight, the share price of Alba had been ostensibly flat, at 0.275p per share. It rose sharply on the announcement, peaked at over 1p a share and has since fallen back to 0.350p currently. The 0.075p per share incremental valuation difference between the share price currently and the share price prior to the Horse Hill announcement could therefore be deemed to be attributable to Horse Hill and the value of the project then be derived from this.

Exhibit 2 summarises the valuation methodology:

Exhibit 2: Horse Hill prospect valuation summary

	Low			Median			High			Top
	Disc.	Undisc.	Total	Disc.	Undisc.	Total	Disc.	Undisc.	Total	
Discovered	1.5			3.1			4.8			
Undiscovered		7.8			16.8			29.7		
STOIIP (stock-tank oil initially in place), mmbbls	1.50	7.80	9.30	3.10	16.80	19.90	4.80	29.70	34.50	
Recovery factor (%)	30	30	30	30	30	30	30	30	30	
Recoverable oil (mmbbls)	0.45	2.34	2.79	0.93	5.04	5.97	1.44	8.91	10.35	
In-ground value (US$/bbl)	5	5	5	5	5	5	5	5	5	
Un-risked prospect valuation (US$m)	2.25	11.70	13.95	4.65	25.20	29.85	7.20	44.55	51.75	
Incremental well cost (US$m)	0.00	8.00	8.00	0.00	8.00	8.00	0.00	8.00	8.00	
Net un-risked prospect valuation (US$m)	2.25	3.70	5.95	4.65	17.20	21.85	7.20	36.55	43.75	
Geological risk (%)	0	90		0	90		0	90		
Risked Horse Hill prospect valuation (US$m)	2.25	0.37	2.62	4.65	1.72	6.37	7.20	3.66	10.86	14.45
HHDL interest in Horse Hill (%)	65	65	65	65	65	65	65	65	65	65
HHDL valuation (US$m)	1.46	0.24	1.70	3.02	1.12	4.14	4.68	2.38	7.06	9.39
5% HHDL interest valuation (US$m)	0.07	0.01	0.09	0.15	0.06	0.21	0.23	0.12	0.35	0.47
Alba shares in issue (m)	394.55	394.55	394.55	394.55	394.55	394.55	394.55	394.55	394.55	394.55
Valuation per Alba share (US cents)	0.019	0.003	0.022	0.038	0.014	0.052	0.059	0.030	0.089	0.119
Cable rate (US$/£)	1.5866	1.5866	1.5866	1.5866	1.5866	1.5866	1.5866	1.5866	1.5866	1.5866
Valuation per Alba share (pence per share)	0.012	0.002	0.014	0.024	0.009	0.033	0.037	0.019	0.056	0.075

Source: Regency Mines, Edison Investment Research

These results then contribute to Edison's valuation of Regency in Exhibit 6, below.

Horse Hill: Further geological implications

Aside from the estimated quantities of oil (discovered and undiscovered) in the upper Portland sandstone, further analysis of hydrocarbon shows may be geologically significant in that the conventionally accepted deposition model of the Weald basin is that the Kimmeridgian unit is immature on the basin margins and only mature for oil generation in a small area in the basin centre. As such, Balcombe was thought to be on the extreme edge of the area of hydrocarbon generation from Kimmeridgian clays and Horse Hill was thought to be too far to the north and west of that area. Hydrocarbon shows within the Kimmeridgian unit were therefore not anticipated with any conviction and the fact of their presence could suggest that the Lias (see above) may not be the main source of oil in the sandstone and that pockets could instead be charged from the Kimmeridgian. This observation supports the hypothesis (derived from the presence of oil within the mid-Kimmeridge 1-micrite in Balcombe that the Kimmeridge clay has both the maturity and capacity to generate oil (at least locally) and holds out the possibility of the discovery of more satellite deposits and eventual production (both conventional and unconventional) from Kimmeridge limestones and Kimmeridge clays (unconventional).

The West Virginia Shallow-Oil Project (WVSO)

Since its foray into the Weald Basin, Regency has further diversified its interests within the oil & gas sector by participating in an unincorporated joint venture with Carter Oil & Gas (a Virginian prospect generating company) to take a 25% working interest in the West Virginia Shallow-Oil Project to be drilled by Abarta Oil & Gas.

The concept behind the WVSO project is to identify and develop wells using a technique known as open hole notch fracking from up to 85 shallow oil fields containing over 2,000 wells originally drilled in West Virginia between 1860 and 1920. The majority of the original oil is believed to have been left in place as a result of archaic and inefficient extraction methods. Open hole notch fracking (which has never before been used in the West Virginia oil fields) utilises a notching tool that forces air and sand under pressure to cut notches into targeted pay zones prior to fracking. This technique is employed at shallow depths in an open hole, where the notches guide the frack horizontally, eliminating the need for expensive pipe and perforation completion methods, and freeing minor production zones to flow freely to the wellbore once pressure falls.

To date, two prospects, called Border and Mellin Ridge, have been generated by Carter. Leasing and permitting has been completed and drilling is expected to start in the spring of 2015.

Regency's working interest is equivalent to a not less than 20.25% net revenue interest as specified under the investment agreement. The remaining 75% working interest is to be held by various investors including a 25% stake held by Abarta. Regency's share of the total estimated cost of initial activities is expected to be 25% of US$512,000 (ie US$128,000), which includes its share of the drilling and setup costs for the first two wells. The initial consideration of US$19.8k was settled on signing and the remainder will be settled by cash calls during drilling operations. Decisions on further development of these two prospects will be made once results from the two-well pilot programme become available, as will subsequent decisions on additional prospect and lease acquisition and development.

Motzfeldt multi-element project (Greenland)

As well as its oil & gas investments, Regency has also diversified its portfolio of mining interests by applying for (and being granted) an extension to Licence 2014/01 in Greenland to take in exploration acreage that was allowed to lapse by a Ram Resources/Greenland Resources Ltd joint venture. As a result, Regency now holds 100% of the Motzfeldt Multi-element project on the Igaliko Nepheline Syenite Complex.

The Motzfeldt area was first explored in the 1980s by the Geological Survey of Denmark & Greenland (GEUS), which carried out regional chip sampling and a detailed helicopter-borne radiometric survey, identifying five radiometric anomalies over a 7km strike length, shown to be associated with tantalum-rich pyrochlore mineralisation hosted by hydrothermally altered syenite. Cabot Corporation followed GEUS's initial exploration with a nine-hole, 1,621m drill programme in 2001 that intercepted up to 18 metres of mineralisation at a grade of 630ppm Ta_2O_5 and 7,800ppm Nb_2O_5. Subsequent work by Ram Resources later resulted in its declaring a maiden JORC inferred mineral resource, in 2012, as follows:

Exhibit 3: Motzfeldt maiden JORC Inferred mineral resource

Compound	Tonnes (Mt)	Grade (ppm)	Contained product (tonnes)
Ta_2O_5	340	120	40,800
Nb_2O_5	340	1,850	629,000
ZrO_2	340	4,600	1,564,000
TREO*	340	2,600	884,000
Uranium	340	70	23,800
Thorium	340	120	40,800

Source: Ram Resources, Regency Mines. Note: *Total rare earth oxides.

All told, GEUS believes that the prospect represents one of the largest tantalum deposits in the world, with a prospectivity of c 600Mt grading 120ppm (approximating grams per tonne) Ta and 130Mt grading 0.4-1.0% Nb_2O_5.

RGM's 50% interest in the Mambare-DNi joint venture and 6.8% direct interest in DNi

Notwithstanding its recent investments, the Mambare project remains RGM's principal asset, having the potential to be one of the world's largest nickel laterite deposits. The project covers an area of 242km^2 in the Oro Province of Papua New Guinea. The plateau itself covers 80km^2 of the licence area, of which c 30km^2 (albeit largely unexplored) is considered 'prospective'.

The Mambare project is characterised by weathered ultramafic ore with extensive laterite and saprolite zones. Early exploration work was carried out in the 1960s and 1970s by a number of state and private companies. Following its acquisition of the project in 2007, RGM completed a 4,000m drill programme on the south-west of the plateau, confirming lateritic and saprolitic development, with greatest prominence on sub-horizontal surfaces. The development of the laterite profile was reported to be less extensive on the plateau slopes.

Having completed the relevant exploration, in June 2012 Regency announced a maiden JORC code compliant resource at Mambare, as follows:

Exhibit 4: Mambare JORC compliant resource estimate (June 2012)

Resource category	Volume (Mm^3)	Tonnage (Mt)	Grade Ni (%)	Contained nickel Ni(Mt)	% ownership	Attributable contained Ni (Mt)
Indicated	3.00	3.33	0.98	0.03	50%	0.16
Inferred	145.56	159.22	0.94	1.50	50%	0.75
Total	**148.57**	**162.54**	**0.94**	**1.53**	**50%**	**0.77**

Source: Regency Mines

Note that the current resource sits within only 2km^2 of the plateau's prospective 30km^2 total.

The Nickel laterite opportunity

Both nickel sulphides and nickel laterites have been mined and processed for over a century. Technologically, however, while often deeper, nickel sulphides have proved to be much the easier ores to process. In particular, their ability to produce concentrates reduces the size of the facilities required to treat the ore. Geologically, however, sulphide replenishment has lagged rates of ore depletion for several years. As a result, they account for only 28% of known resources and unless major new discoveries are made soon, sulphide production is destined to decline in both relative and absolute terms. Thus, whereas nickel from laterites accounted for less than 10% of production in 1950, it now accounts for around 50% of production. Consequently, the nickel industry is being forced to confront the possibilities for large-scale production from lateritic ores.

Nickel laterites are the product of intense tropical weathering of ultramafic sulphides into oxide layers and fall into two broad categories, saprolite and limonite. To date, the most commonly

exploited have been the saprolite (or silicate) laterites. The most prolific, however, are the iron-rich limonites, which account for approximately two-thirds of total laterite resources. Laterites are almost invariably close to the surface in large, flat, tabular deposits; however, the weathering process (which is ultimately responsible for concentrating the nickel) also leads to variability in the thickness, grade, chemistry and mineralogy of the ore body. In extreme conditions, this may require a different processing method for each of the layers of mineralisation. While saprolites are conducive to traditional processing via standard techniques, limonite laterites have been processed historically by only two methods: the Caron process (now regarded as obsolete and practised only at Moa Bay in Cuba) and, more recently, via high-pressure acid leach (HPAL). The HPAL process in particular involves leaching the ore in sulphuric acid at an elevated temperature of c 270°C and a pressure of c 600 pounds per square inch (c 41 atmospheres) in titanium-lined autoclaves. Having been effectively solvent-extracted, the nickel is then electro-won from solution by standard hydrometallurgical processes, with typical recoveries in excess of 90% of the nickel and cobalt contained in solution.

To date however, none of the deposits brought into production using the HPAL technique have lived up to their initial design specifications. The problems have been multitudinous, ranging from a surfeit of clay (making leaching difficult) to unsuitable materials being selected for the high-temperature, high-acid environment of the plant. As a result, only about 61% of the new laterite capacity envisaged in the late 1990s has ever been realised. Moreover, far from being the low-cost producers that they were forecast to be, HPAL producers have tended to occupy the upper, rather than the lower, reaches of the overall nickel cost curve. Nevertheless, because they account for 72% of known nickel resources, production from laterites – especially from limonites – is expected to have a significant impact on the supply of nickel in the future.

Unique nickel-laterite processing – Direct Nickel (DNi)

In 2010 Regency announced a milestone 50:50 partnership on the Mambare project with DNi, a technology company that has exclusive rights to a unique and potentially technologically disruptive nickel laterite processing technique (known as 'the DNi process'). In addition to the joint venture, Regency invested A$6m in DNi in two tranches in late-2010 and early-2011 to give it 8.7m shares (post capital reorganisation) or a direct 6.8% stake in the company.

Unlike conventional nickel processing technology, the DNi process uses nitric (rather than sulphuric) acid as a solvent. The change is significant as the subsequent metallurgical processes involved in extracting and purifying the nickel are via nitrate rather than sulphate chemistry. Owing to the lower thermal stability of nitrate salts, this allows up to 95% of the acid to be regenerated and recycled, which reduces wastage and saves on reagent costs.

In 2009, a scaled-up pre-feasibility study (PFS) by Aker Solutions (formerly Aker Kvaerner) concluded that the DNi process could produce nickel from laterites at a rate of 34,000tpa at a capital cost of US$12.84/lb installed capacity and an operating cost of US$1.84/lb nickel produced (vs a nickel price of US$7.04/lb currently).

In order to avoid some of the pitfalls of the accelerated HPAL development a generation earlier and to de-risk the project, in 2010 DNi constructed a pilot plant to prove the economics and application of its technology in continuous process. Significantly, the technology was proven to work in continuous process with nickel recovery in excess of 90% – ie closely matching the 93.5% indicated by previous laboratory test work – and with more than 95% of the nitric acid being recovered for recycling. Otherwise, all major engineering imperatives (eg the use of standard 304 stainless steel for plant construction) were confirmed. Of the technical results released, the only material deviation from expectations was the grade of the concentrate achieved (32%) compared to our previous expectation/assumption of 45%. However, this grade should still be commercially acceptable and has a negligible effect on the economics/valuation of the project. Even so, scope to address the issue has been identified.

Scoping economics

With the technology confirmed, DNi then signed an agreement with PT Aneka Tambang (PT ANTAM) in 2014 to develop the first commercial plant using the DNi process. As a result, a feasibility study is currently underway for a DNi process plant to produce 10-20kt of nickel a year in concentrate at PT ANTAM's Buli operation in Halmahera in Indonesia, which supplied ore to the test programme.

Opex estimates have been updated by DNi's Nickel Production Demonstration Programme to US$2.41-2.71/lb, principally as a result of an updated estimate of power costs and requirements. Note, however, that these are stated before by-product credits, which Edison estimates could amount to c US$0.90/lb Ni for cobalt, and management estimates could be worth a further US$1.71/lb Ni for magnesium oxide and US$1.52/lb Ni for hematite. On the basis of these assumptions and also those set out below in Exhibit 5 (which have yet to be independently quantified) Edison has formulated the following scoping economics for the project at Buli:

Exhibit 5: Buli/DNi project estimated scoping economics

Item (units as shown)	Long-term price assumption scoping economics	Current spot price assumption scoping economics
Assumptions		
Unit mining costs	US$2 per tonne	US$2 per tonne
Stripping ratio	3:1 waste to ore ratio	3:1 waste to ore ratio
Unit transport costs	US$10 per tonne of ore	US$10 per tonne of ore
Unit shipping costs	US$110 per tonne of concentrate shipped	US$110 per tonne of concentrate shipped
Administration costs	US$2 per tonne of ore mined	US$2 per tonne of ore mined
Concentrate grade	32%	32%
Nickel production rate (tpa)	20,000	20,000
Nickel price (US$/t)	21,135	15,650
Cobalt price (US$/lb)	26.37	14.38
Price realised (as percentage of LME price)	75	75
Unit processing costs of production (US$/lb)	2.71	2.71
Marginal tax rate	30%	30%
Capex (US$ per annual production lb)	12.84	12.84
Total capex (US$m)	566	566
Depreciation	Over 10 years	Over 10 years
Cost of debt (%)	8	8
Outcomes	***US$m**	***US$m**
Nickel revenue (US$m)	317	235
Cobalt revenue (US$m)	72	39
Total revenue (US$m)	389	274
Working costs (US$m)	168	167
Cash operating profit (US$m)	221	107
Depreciation (US$m)	57	57
Operating profit (US$m)	165	51
Net finance income	0	0
Profit before tax (US$m)	165	51
Tax (US$m)	49	15
Marginal tax rate (%)	30	30
Profit after tax (US$m)	115	35
Free cash-flow (US$m)	172	92

Source: Edison Investment Research. Note: Cobalt treated as co-product of Ni. *US$m unless otherwise indicated.

Note that additional end products derived from the DNi process include an iron precipitate (in the form of hematite) and magnesium oxide. These have been excluded from the financial analysis for reasons of simplicity. As stated previously however, these could be significant, reducing costs by as

much as US$1.71/lb Ni for magnesium oxide and US$1.52/lb Ni for hematite (management estimates). Costs may also be mitigated in future by an adjustment for Indonesian labour costs and any potential, future optimisation of energy demand. Nevertheless, discounting positive free cash flows of US$172m (Edison's long-term pricing assumption scenario) at 10% over 25 years yields a value of US$1,560m, which drops to US$994m after netting off capital expenditure of US$566m. Modelling the project in detail to account for additional factors (eg the cost of debt to equity stakeholders and the loss of its tax shield after year 10) reduces the value by an additional 11% to US$880m.

By contrast, discounting positive free cash flows of US$92m (using the current spot prices of nickel and cobalt of US$15,650/t and US$31,700/t, respectively) at 10% over 25 years yields a value of US$835m, which drops to US$270m after netting off capital expenditure of US$566m. Modelling the project in detail to account for additional factors (as above) reduces the value by an additional US$159m to US$111m.

Beyond a pilot or test plant stage, hydrometallurgical processes such as the DNi process can typically be scaled up with few operational complications. A plant of 20,000tpa capacity would combine the advantages of being of commercial scale in its own right with the potential to expand easily (eg to 60,000tpa capacity), as well as maximising economies of scale. As such, final DNi capex costs could potentially be reduced further from the c US$12.84/ lb of annual nickel capacity noted previously.

Commercialisation

DNi owns 80% of its Indonesian subsidiary PT DNi. The details of the joint venture between PT DNi and PT ANTAM are yet to be finalised. In part, this has been attributed to the political deadlock that attended Indonesia's presidential elections earlier this year, in which both candidates declared victory and the process was only concluded after appeals to the General Election Commission (KPU) and the Constitutional Court amid claims of structured, systematic and massive electoral fraud. Even now, the coalition against the president (who is the first Indonesian president drawn neither from the army nor the political elite) has vowed to frustrate his legislative agenda, to which end the outgoing Parliament scrapped direct elections for provisional governors, district chiefs and mayors in what has been interpreted as a power grab by the political elite. As a limited liability state corporation, 93.6% owned by the government, PT ANTAM has not been immune to the political stasis affecting Indonesia and the US$1.6bn Haltim ferronickel project also on Halmahera has accordingly experienced a development hiatus, despite funding having been identified, as a consequence of an absence of decision-making capability.

Construction at Haltim has now recommenced. Notwithstanding the ongoing political tensions, however, now that the presidential election has been concluded and with the power of decision set to return to government, management is hopeful that a decision on the Buli-DNi pre-feasibility study will be made early next year.

However, assuming that they are finalised on a pure 50:50 basis, DNi's net 40% interest in the Buli project (above) would be worth US$352m at Edison's long-term metal price assumptions and US$44.4m at current spot rates.

By contrast, if Mambare were to be successfully commissioned at the same operating and financial parameters as Buli (above, in Exhibit 5), then it would be worth US$440m each to DNi and Regency, on the basis of a 50:50 joint venture, at Edison's long-term metal price assumptions, or US$55.5m each at current spot prices. It would also catapult Regency into the ranks of mid-tier nickel producers. To this end, it is worth noting that impetus for the construction of a major project on PNG may be provided by a desire by the world's largest consumer (China) to diversify its sources of nickel supply away from Indonesia and the Philippines.

Other assets

In general, RGM's exploration strategy is to acquire assets cheaply, to perform limited exploration to identify and progress targets and then to list them separately with their own managements on an appropriate stock market, thereby mitigating both cost and risk in respect of Regency shareholders.

Aside from Mambare/DNi, Regency has interests in a number of assets that are summarised below:

- 227.1m shares in Red Rock Resources (valued at 0.195p per share in 'Valuation', overleaf).
- 37.1m shares in Alba Mineral Resources (valued at 0.375p per share in 'Valuation', overleaf).
- 1.5m shares in Greatland Gold (valued at 0.225p per share in 'Valuation, overleaf).
- 45.4m shares in Ram Resources (valued at 0.9 Australian cents per share, overleaf) plus an additional 35m shares pending conversion of a further 5.6% carried interest in the Fraser Range project into Ram equity.
- A 13.5% carried interest in the Fraser Range project in Western Australia (NB 5.6% is pending conversion into 35m ordinary Ram shares to leave Regency with a net carried interest of 7.9% - see above).

In addition, Regency has a number of other interests and assets, which have not been included in Edison's valuation. These include:

- Farm-in rights under an option agreement with International Mineral Resources (Agrominerals Sudan) Ltd (IMRAS), under the terms of which Regency may (inter alia) acquire up to a 51% interest in IMRAS (see Edison's note dated 11 June 2013).
- A 25% working interest in the West Virginia Shallow-Oil Project (as described previously).
- 100% of the Motzfeldt Multi-element Project in Greenland, including a JORC inferred mineral resource of 340Mt at 120ppm Ta_2O_5, 4,600ppm ZrO_2 and 1,850ppm Nb_2O_5 (as described previously).
- A 1.0% gross revenue royalty over the Fraser Range tenements.

Valuation

Edison has valued Regency according to four scenarios, which may be summarised as follows:

- In the low-end scenario, Regency's estimated net debt and listed assets (valued at currently prevailing share prices) are considered along with working capital items (payables and receivables) at the most recent, publicly recorded balance sheet date (30 June 2014). Regency's holding in DNi is valued at the last price at which the latter raised funds (A$0.54/share in September 2014). The accounting entry for Mambare (in 'Investments in associates and joint ventures' in Regency's accounts) is also included (estimated by deducting the value of Regency's holding in Red Rock on 30 June 2014 from the total value of 'Investments in associates and joint ventures' on the same date). Regency's 5% interest in the Horse Hill prospect is valued at US$85k (£54k), as per Exhibit 2 (note that funds invested to acquire its interest have already been accounted for in Edison's net debt estimate).
- In the median scenario, DNi is assumed to experience a re-rating appropriate to a decision to develop the Buli project on Halmahera in Indonesia (we assume that Regency would not subscribe to the associated fund-raise). In the meantime, Regency's 5% interest in the Horse Hill prospect is valued at US$207k (£130k), as per Exhibit 2.
- In the high-end scenario, Mambare is assumed to re-rate to the US$41.03/t Ni average in situ value of a sample of Regency's nickel explorer peers. In addition, Regency's residual 7.9% direct interest in the Fraser Range project is deemed to be sold to Ram Resources for A$50,000 per percentage point. Regency's 5% interest in the Horse Hill prospect is valued at US$353k (£222k), as per Exhibit 2.

- In the top-end scenario, Regency's stake in Mambare is valued at 50% of US$880m (ie effectively assuming debt financing of RGM's funding obligations) and DNi is valued on the basis that it equity funds its obligations at the A$0.54 per share at which funds were most recently raised. Note that the valuation for Regency's stake in Horse Hill has been removed in the top-end scenario not because the valuation is nil, but because a top-end scenario valuation is deemed too uncertain to quantify at the current time.

The results of these four analyses are as follows:

Exhibit 6: Regency valuation (£ unless otherwise stated)

	Low-end scenario	Median scenario	High-end scenario	Top-end scenario
Non-current assets				
Red Rock Resources	442,882	442,882	442,882	442,882
Property, plant and equipment	22,562	22,562	22,562	22,562
Goodwill	0	0	0	0
Mambare	1,609,667	1,609,667	19,750,102	277,322,577
Exploration assets	1,198,306	1,198,306	982,506	982,506
Total non-current assets	**3,273,417**	**3,273,417**	**21,198,052**	**278,770,527**
Current assets				
DNi	2,564,860	7,948,096	2,564,860	6,237,364
Alba Mineral Resources	138,994	138,994	138,994	138,994
Greatland Gold	3,375	3,375	3,375	3,375
RAM Resources	395,308	395,308	611,107	611,107
Horse Hill	53,668	130,483	222,354	
Cash and cash equivalents	169,317	169,317	169,317	169,317
Trade and other receivables	1,659,602	1,659,602	1,659,602	1,659,602
Total current assets	**4,985,124**	**10,445,174**	**5,369,610**	**8,819,759**
TOTAL ASSETS	**8,258,541**	**13,718,591**	**26,567,662**	**287,590,286**
Liabilities				
Current liabilities				
Trade and other payables	503,427	503,427	503,427	503,427
Short term borrowings	488,263	488,263	488,263	488,263
Total current liabilities	**991,690**	**991,690**	**991,690**	**991,690**
Non-current liabilities				
Deferred tax liabilities	0	0	0	0
Long term borrowings	0	0	0	0
Total non-current liabilities	**0**	**0**	**0**	**0**
TOTAL LIABILITIES	**991,690**	**991,690**	**991,690**	**991,690**
Net assets	**7,266,851**	**12,726,901**	**25,575,972**	**286,598,596**
Shares in issue	1,788,918,926	1,788,918,926	1,788,918,926	1,788,918,926
Derivatives	14,072,329	14,072,329	14,072,329	14,072,329
Fully diluted shares in issue	**1,802,991,255**	**1,802,991,255**	**1,802,991,255**	**1,802,991,255**
Net asset value per share (pence)	**0.406**	**0.711**	**1.430**	**16.021**
Fully diluted net asset value per share (pence)	**0.403**	**0.706**	**1.419**	**15.896**
Share price	0.170	0.170	0.170	0.170
Share price premium/(discount) to NAV (%)	**-57.8**	**-75.9**	**-88.0**	**-98.9**

Source: Edison Investment Research

Several features of the results are notable:

- The 0.406p per share net asset value of the low-end scenario compares to an estimated book value of 0.610p per share according to Regency's results to 30 June 2014, primarily reflecting lower (listed) asset values in publicly traded markets.
- Regency's enterprise value of £3.4m (US$5.3m), based on Edison's H114 net cash/(debt) position, is at a substantial discount to the value of its attributable resources at Mambare of US$31.3m, or £19.8m when valued at the US$41.03/t Ni average in situ value of a sample of

Regency's nickel explorer peers (median scenario). Stated alternatively, Regency's EV equates to just US$6.95/t attributable, in situ nickel at Mambare.

- Whereas Regency's median scenario valuation is 0.711p (assuming a re-rating of DNi on development of Buli) at Edison's long-term metal prices, it is 0.418p at current spot prices.
- The top-end scenario is also valued on the basis of Edison's long-term metal price assumptions for nickel and cobalt. This falls similarly, from 16.021p to 2.288p if conducted instead at spot prices (see pages 11-12).

Note that a deferred tax risk could associate itself with any future capital gains in the value of Regency's portfolio of assets. In the above analysis however, this is only likely to relate to Regency's holding of DNi in the median and top-end scenarios (to a negligible extent) and/or in the event that Regency looks to sell its 50% interest in the Mambare joint venture.

Financials

Regency had £221k in net debt as at 30 June 2014. Since then, it has successfully raised a total of £935k in equity issues. Counteracting this, it has borne six months of cash burn plus a £300k investment in the Horse Hill prospect, a £75k investment in Red Rock Resources and a US$128k investment in the WVSO.

Exhibit 7: Financial summary

£'000s	2010	2011	2012	2013	2014	2015e	2016e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue	42	167	166	113	78	0	0
Cost of Sales	0	0	0	0	0	0	0
Gross Profit	42	167	166	113	78	0	0
EBITDA	(495)	(1,308)	(1,388)	(1,890)	(943)	(1,587)	(1,474)
Operating Profit (before amort. and except.)	(507)	(1,337)	(1,388)	(1,918)	(968)	(1,610)	(1,474)
Intangible Amortisation	0	0	0	0	0	0	0
Exceptionals	182	1,028	(266)	(438)	(24)	0	0
Operating Profit	(324)	(308)	(1,654)	(2,357)	(993)	(1,610)	(1,474)
Share of profit of associates	931	2,174	(407)	(2,678)	(494)	(721)	(288)
Net Interest	(5)	(40)	(51)	(131)	(28)	(13)	(55)
Profit Before Tax (norm)	420	797	(1,847)	(4,728)	(1,491)	(2,344)	(1,817)
Profit Before Tax (FRS 3)	602	1,826	(2,112)	(5,166)	(1,515)	(2,344)	(1,817)
Tax	(86)	317	26	(186)	7	0	0
Profit After Tax (norm)	333	1,115	(1,821)	(4,914)	(1,485)	(2,344)	(1,816)
Profit After Tax (FRS 3)	516	2,143	(2,087)	(5,352)	(1,509)	(2,344)	(1,817)
Average Number of Shares Outstanding (m)	392.1	531.4	636.1	891.5	1,243.9	1,711.1	1,788.9
EPS - normalised (p)	0.1	0.2	(0.3)	(0.6)	(0.1)	(0.1)	(0.1)
EPS - normalised and fully diluted (p)	0.1	0.2	(0.3)	(0.5)	(0.1)	(0.1)	(0.1)
EPS - (IFRS) (p)	0.1	0.4	(0.3)	(0.6)	(0.1)	(0.1)	(0.1)
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
EBITDA Margin (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BALANCE SHEET							
Fixed Assets	3,538	8,838	11,079	8,666	8,067	7,003	6,273
Intangible Assets	2,096	3,174	1,710	1,729	1,198	723	280
Tangible Assets	28	169	54	48	23	0	0
Investments	1,414	5,495	9,314	6,889	6,846	6,281	5,993
Current Assets	747	8,315	1,566	1,626	1,927	1,960	1,960
Stocks	0	0	0	0	0	0	0
Debtors	304	1,036	1,548	1,613	1,660	1,660	1,660
Cash	31	1,166	18	13	267	0	0
Other	413	6,113	0	0	0	300	300
Current Liabilities	(341)	(3,007)	(2,399)	(964)	(992)	(950)	(917)
Creditors	(341)	(826)	(807)	(437)	(503)	(461)	(428)
Short term borrowings	0	(2,181)	(1,592)	(527)	(488)	(488)	(488)
Long Term Liabilities	0	(8)	0	0	0	(421)	(1,540)
Long term borrowings	0	0	0	0	0	(421)	(1,540)
Other long term liabilities	0	(8)	0	0	0	0	0
Net Assets	3,944	14,138	10,246	9,327	9,002	7,592	5,775
CASH FLOW							
Operating Cash Flow	(393)	(1,227)	247	(1,170)	(463)	(1,074)	(1,065)
Net Interest	(5)	(40)	(51)	(131)	(28)	(13)	(55)
Tax	0	0	0	0	0	0	0
Exploration/capex	(494)	(1,163)	(1,407)	(447)	(520)	(80)	0
Acquisitions/disposals	(336)	(5,293)	(139)	(358)	69	(456)	0
Financing	1,055	6,677	887	3,182	1,195	935	0
Dividends	0	0	0	0	0	0	0
Net Cash Flow	(173)	(1,046)	(463)	1,077	253	(688)	(1,120)
Opening net debt/(cash)	(204)	(31)	1,015	1,574	515	221	909
HP finance leases initiated	0	0	0	0	0	0	0
Other	0	0	(96)	(17)	41	0	0
Closing net debt/(cash)	(31)	1,015	1,574	515	221	909	2,029

Source: Regency Mines' accounts, Edison Investment Research

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