



29 March 2019

Regency Mines Plc ("Regency" or the "Company"), the natural resource exploration and development company with interests in metallurgical coal, energy storage, battery metals and natural gas, announces its unaudited half-yearly results for the six months ended 31 December 2018.

Board Statement

Dear Shareholders,

The six-month period to 31 December 2018 witnessed the Company completing its investment in Mining Equity Trust ("MET"), and the joint venture with Legacy Hill Resources commencing coal production in Virginia from August 2018. Regency further supplemented its portfolio in December 2018 by agreeing to consider an option on a 50% stake in a North American Vanadium project, which completed after the period through exercise of the option as announced on 24 January 2019.

Operationally the six-month period proved largely disappointing with the MET joint venture failing to produce the levels of coal originally anticipated, with one highwall miner idled due largely to working capital and bonding deficiencies. Production has however trended upwards since the beginning of 2019, and the operator believes the operations have now been stabilized with the emphasis returning to increasing both internally produced tonnage as well as third party sales, alongside booting margins of each ton sold onward.

In Papua New Guinea, capital was largely unavailable to progress operations with the Company's joint venture partners during the period. However, application for the renewal of the EL1390 exploration licenses encompassing the project were submitted to the PNG authorities in early March 2019, and the accompanying Warden's Hearing is scheduled for late April 2019. A successful renewal of these licenses will cover the period June 2019 to June 2021, and the joint venture partners have proposed a work plan to focus on ground penetrating radar activities, upgrading the resource to the current 2012 JORC code, and studying opportunities to progress a direct shipping ore operation at the project.

Solid advancements were also made in the Company's 100% owned subsidiary EsTeq's investment in Allied Energy Services, where the future for energy storage and grid services in the UK appears particularly robust. Allied continues to progress planning permissions for multiple sites in the UK with a view to providing both grid management services as well as combined heat and power services.

During the period the following new standards were adopted. The adoption of these standards has not had a material impact on the financial information of the Group in future periods.

IFRS 9 "Financial Instruments" impact both the measurement and disclosures of financial instruments. The group has not retrospectively re-stated prior period. All investments into equity instruments, that were held by the Group at 30 June 2018, which were included into Available for sale financial assets line in the Statement of financial position at 30 June 2018, are held by the Group with a long-term view and are not held for trading. The Group has analysed its investments into equity instruments on investment-by-investment basis and took a decision to designate two of its Available for sale investments held at the date of IFRS 9 adoption as fair value through profit and loss (FVTPL) and the rest as fair value through other comprehensive income financial assets (FVTOCI). For equity instruments designated at FVTOCI under IFRS 9, only dividend income will be recognised in profit or loss, all other gains and losses will be recognised in OCI without reclassification on derecognition. More details are provided in note 7.

During the period investments in associates and joint ventures fell following the inclusion of losses from the MET joint venture in the United States. Short term borrowings rose from 2018 year end levels to reflect prepayment of convertible loan notes that after the period completed with total new borrowings at £676,000. Losses grew to £1,749,365 largely reflecting Regency's £1,301,157 share of the losses incurred by the US joint venture associate MET. Regency's overheads remained static demonstrating reduced costs of rent and payroll offset by slightly higher legal and marketing expenditures.

After the period the Company announced the refinancing and reprofiling of its outstanding loan note with institutional investors. The Company agreed to reprofile a portion of the existing debt into convertible loan notes, while delaying monthly repayments until May 2019 and shifting the majority of the repayment burden into 2020, the full details of which are available in Note 10.

Unfortunately, the Company has largely found itself unable to raise capital in 2019 to date due to an inability to pass resolutions at its annual general meetings disapplying pre-emption rights over any issuance that might have been envisioned. As the business model of Regency and that of most other small-cap natural resource exploration companies requires this authorization to access capital and the wider markets, the Company has been unable to completely meet its obligations to its lenders. Subsequently, the Company has issued 218,400,146 new shares to its lenders in partial satisfaction of these outstanding amounts.

Currently, the Company is working with its lenders to restructure the balance of its debts, and is seeking to agree a hold period of at least six months on the recent shares issued. The Company has further called for a general meeting to be held on 1 April 2019 in order to approve an expanded level of authorization better reflecting current pricing levels and an associated disapplication of pre-emption rights that the board feels are essential to move forward. At present the Board feels that constructive discussions continue with all stakeholders and that the Company expects it can meet its immediate funding requirements.

While the past several months have been an exceptionally disruptive period in the Company's history, the Board is currently exploring strengthening the management team with a coal industry expert who has expressed a willingness to contribute to the Company's pathway forward.

The Board remains confident that the Company retains a solid foundation of projects and assets from its interests in metallurgical coal production in the United States to its Nickel/Cobalt JORC resource at Mambare in PNG to its interests in EsTeq, which encompass battery metals and energy storage.

Following the vote at the general meeting scheduled for 1 April 2019, the Company intends to conduct a strategic review of its entire portfolio and will announce its conclusions as appropriate.

Board of Directors
Regency Mines PLC

29 March 2019

Consolidated statement of financial position

as at 31 December 2018

	Notes	31 December 2018 Unaudited, £	31 December 2017 Unaudited, £	30 June 2018 Audited, £
ASSETS				
Non-current assets				
Property plant and equipment		195	586	195
Investments in associates and joint ventures	6	1,859,845	2,764,191	3,161,002
Goodwill		42,471	—	42,471
FVTOCI financial assets	7	195,465	—	—
Available for sale financial assets	7	—	1,249,980	1,099,572
Exploration assets		—	40,402	—
Trade and other receivables		1,317,669	1,653,388	1,274,569
Total non-current assets		3,415,645	5,708,547	5,577,809
Current assets				
Cash and cash equivalents		132,356	38,473	126,125
FVTPL financial assets	7	5,149	—	—
Trade and other receivables		154,671	305,372	136,758
Total current assets		292,176	343,845	262,883
TOTAL ASSETS		3,707,821	6,052,392	5,840,692
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Called up share capital	8	1,926,907	1,905,163	1,926,407
Share premium account		20,404,228	19,287,043	20,379,728
Other reserves		(301,428)	472,679	440,693
Retained earnings		(20,124,632)	(16,374,292)	(18,339,478)
Total equity attributable to owners of the parent		1,905,075	5,290,593	4,407,350
Non-controlling interest		36,327	—	38,990
Total equity		1,941,402	5,290,593	4,446,340
LIABILITIES				
Current liabilities				
Trade and other payables		422,768	193,048	296,752
Short term borrowings		1,343,651	568,751	1,097,600
Total current liabilities		1,766,419	761,799	1,394,352
TOTAL EQUITY AND LIABILITIES		3,707,821	6,052,392	5,840,692

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

**Consolidated statement of income
for the period ended 31 December 2018**

	Notes	6 months to 31 December 2018 Unaudited, £	6 months to 31 December 2017 Unaudited, £
Revenue			
Management services		—	—
		—	—
Administrative expenses	3	(266,873)	(257,515)
Impairment of investment in joint ventures	6	—	(821,566)
Gain on sale of investments		38,491	1,485,611
Share of gains in associates and joint ventures		(1,301,157)	—
Exploration expenses		(73,529)	—
Foreign currency gain		7,227	—
Other income		10,567	59,621
Finance costs, net		(164,091)	(44,854)
Loss for the period before taxation		(1,749,365)	421,297
Tax expense		—	—
Loss for the period after taxation		(1,749,365)	421,297
(Loss)/profit for the period attributable to:			
Equity holders of the parent		(1,746,702)	421,297
Non-controlling interest		(2,663)	—
		(1,749,365)	421,297
Earnings per share			
(Loss)/profit per share – basic	4	(0.22) pence	0.07 pence
(Loss)/profit per share – diluted	4	(0.22) pence	0.07 pence

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

**Consolidated statement of comprehensive income
for the period ended 31 December 2018**

	6 months to 31 December 2018 Unaudited, £	6 months to 31 December 2017 Unaudited, £
(Loss)/profit for the period	(1,749,365)	421,297
Revaluation of available for sale investments	—	(335,700)
Change in reserves due to IFRS 9 adoption	38,452	—
Revaluation of FVTOCI investments	(791,012)	—
Unrealised foreign currency gain/(loss) arising upon retranslation of foreign operations	10,439	(95,193)
Total comprehensive loss for the period	(2,491,486)	(9,596)

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

**Consolidated statement of changes in equity
for the period ended 31 December 2018**

The movements in equity during the period were as follows:

	Share capital	Share premium account	Retained earnings	Other reserves	Total Equity attributable to owners of the Parent	Non- controlling interests	Total equity
	£	£	£	£	£	£	£
As at 30 June 2017	1,904,933	19,272,873	(16,795,589)	895,947	5,278,164	—	5,278,164
Changes in equity for 2017							
Profit/ (loss) for the period	—	—	421,297	—	421,297	—	421,297
Other comprehensive (loss)/income for the period	—	—	—	(430,894)	(430,894)	—	(430,894)
Transactions with owners							
Issue of shares	230	14,170	—	—	14,400	—	14,400
Share issue and fundraising costs	—	—	—	—	—	—	—
Share-based payment transfer	—	—	—	7,625	7,625	—	7,625
Total Transactions with owners	230	14,170	—	7,625	22,025	—	22,025
As at 31 December 2017	1,905,163	19,287,043	(16,374,292)	472,679	5,290,593	—	5,290,593
As at 30 June 2018 (audited)	1,926,407	20,379,728	(18,339,478)	440,693	4,407,350	38,990	4,446,340
Reserves transfer on IFRS9 first time adoption	—	—	(38,452)	38,452	—	—	—
As at 1 July 2018 (restated)	1,926,407	20,379,728	(18,377,930)	479,145	4,407,350	38,990	4,446,340
Changes in equity for 2018							
Profit/ (loss) for the period	—	—	(1,746,702)	—	(1,746,702)	(2,663)	(1,749,365)
Other comprehensive (loss)/income for the period	—	—	—	(780,573)	(780,573)	—	(780,573)
Transactions with owners							
Issue of shares	500	24,500	—	—	25,000	—	25,000
Share issue and fundraising costs	—	—	—	—	—	—	—
Total Transactions with owners	500	24,500	—	—	25,000	—	25,000
As at 31 December 2018	1,926,907	20,404,228	(20,124,632)	(301,428)	1,905,075	36,327	1,941,402

Regency Mines plc
Company number 05227458

	Available-for- sale investments reserve	FVTOCI investments reserve	Share-based payments reserve	Foreign currency translation reserve	Total other reserves
	£		£	£	£
As at 30 June 2017	326,097	—	65,857	503,993	895,947
Changes in equity for six months ended 31 December 2017					
Total comprehensive income/(loss) for the period	(335,700)	—	—	(95,193)	(430,893)
Transaction with owners					
Share-based payment	—	—	7,625	—	7,625
As at 31 December 2017	(9,603)	—	73,482	408,800	472,679
As at 30 June 2018	(159,521)	—	75,854	524,360	440,693
Reserves transfer on IFRS 9 first time adoption					
AFS reserves transferred to Retained Earnings in relation to FVTPL investments	38,452	—	—	—	38,452
AFS reserves transferred to new FVTOCI investments reserve	121,069	(121,069)	—	—	—
As at 1 July 2018 (restated)	—	(121,069)	75,854	524,360	479,145
Changes in equity for six months ended 31 December 2018					
Other Comprehensive income					
Revaluation of FVTOCI investments	—	(791,012)	—	—	(791,012)
Unrealised foreign currency gains arising upon retranslation of foreign operations	—	—	—	10,439	10,439
Total comprehensive income/(loss) for the period	—	(791,012)	—	10,439	(780,573)
As at 31 December 2018	—	(912,081)	75,854	534,799	(301,428)

Consolidated statement of cash flows
for the period ended 31 December 2018

	Note	6 months to 31 December 2018 Unaudited £	6 months to 31 December 2017 Unaudited £
Cash flows from operating activities			
(Loss)/profit before taxation		(1,749,365)	421,297
(Increase)/decrease in receivables		(67,976)	(601,465)
(Decrease) in payables		127,605	(208,584)
Share of loss of associates and joint ventures, net of tax		1,301,157	—
Impairment in JVs	6	—	821,566
Share based payments charge		—	22,025
Broker's fee received in Curzon Energy Plc's shares		—	(28,000)
Reversal of prior year impairment		—	(21,614)
Interest payable		164,091	44,854
Currency adjustments		(7,227)	—
Gain on sale FVTPL investments		(38,491)	—
Gain on sale of available-for-sale investments	7	—	(1,485,611)
PPE write off/Depreciation		—	14,934
Net cash flows from operations		(270,206)	(1,020,598)
Cash flows from investing activities			
Proceeds from sale of available-for-sale investments		—	1,719,126
Proceeds from sale of FVTPL investments		146,437	—
Payments to acquire available-for-sale investments		—	(400,000)
Net cash flows from investing activities		146,437	1,319,126
Cash flows from financing activities			
Proceeds from issue of shares		30,000	—
Interest paid		—	(44,854)
Loans received		100,000	—
Repayment of borrowings		—	(224,377)
Net cash flows from financing activities		130,000	(269,231)
Net increase in cash and cash equivalents		6,231	29,297
Cash and cash equivalents at the beginning of period		126,125	9,176
Cash and cash equivalents at end of period		132,356	38,473

**Half-yearly report notes
for the period ended 31 December 2018**

1 Company and Group

As at 30 June 2018 and 31 December 2018 the Company had one or more operating subsidiaries and has therefore prepared full and interim consolidated financial statements respectively.

The Company will report again for the full year ending 30 June 2019.

The financial information contained in this half yearly report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The financial information for the year ended 30 June 2018 has been extracted from the statutory accounts of the Group for that year. Statutory accounts for the year ended 30 June 2018, upon which the auditors gave an unqualified audit report which did not contain a statement under Section 498(2) or (3) of the Companies Act 2006, have been filed with the Registrar of Companies.

2 Accounting Policies

Basis of preparation

The consolidated interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2018, which have been prepared in accordance with IFRS.

During the period the following new standards were adopted. The adoption of these standards has not had a material impact on the financial information of the Group in future periods.

IFRS 9 "Financial Instruments" impact both the measurement and disclosures of financial instruments. The group has not retrospectively re-stated prior period. All investments into equity instruments, that were held by the Group at 30 June 2018, which were included into Available for sale financial assets line in the Statement of financial position at 30 June 2018, are held by the Group with a long-term view and are not held for trading. The Group has analysed its investments into equity instruments on investment-by-investment basis and took a decision to designate two of its Available for sale investments held at the date of IFRS 9 adoption as fair value through profit and loss (FVTPL) and the rest as fair value through other comprehensive income financial assets (FVTOCI). For equity instruments designated at FVTOCI under IFRS 9, only dividend income will be recognised in profit or loss, all other gains and losses will be recognised in OCI without reclassification on derecognition. More details are provided in note 7.

IFRS 15 "Revenue from Contracts with Customers" – the Group is pre-revenue hence the adoption had no impact on the reported results or opening reserves.

Half-yearly report notes
for the period ended 31 December 2018, continued

3 Administrative expenses

	6 months to 31 December 2018 Unaudited £	6 months to 31 December 2017 Unaudited £
Staff Costs:		
Payroll	92,391	104,875
Pension	6,099	6,353
Consultants	14,400	7,500
HMRC / PAYE	1,446	8,813
Professional Services:		
Accounting	21,891	15,530
Legal	16,260	-
Marketing	19,044	2,588
Other	10,050	7,800
Regulatory Compliance	34,179	32,365
Travel	7,626	2,029
Office and Admin Costs:		
General	5,569	24,651
IT related costs	4,582	3,709
Rent	31,184	41,302
Insurance	2,152	-
Total administrative expenses	266,873	257,515

Half-yearly report notes
for the period ended 31 December 2018, continued

4 Loss per share

The following reflects the profit/(loss) and share data used in the basic and diluted profit/(loss) per share computations:

	6 months to 31 December 2018 Unaudited, £	6 months to 31 December 2017 Unaudited, £
(Loss)/profit attributable to equity holders of the parent company	(1,746,700)	421,297
Weighted average number of Ordinary shares of £0.0001 in issue, used for basic EPS	786,831,847	576,805,818
Effect of dilutive options	—	5,330,000
Weighted average number of Ordinary shares of £0.0001 in issue inclusive of outstanding dilutive options	786,831,847	582,135,818
(Loss)/profit per share – basic	(0.22) pence	0.07 pence
(Loss)/profit per share – fully diluted	(0.22) pence	0.07 pence

Options and warrants with all conditions met, that were also in the money at the end of each respective period:

	6 months to 31 December 2018 Unaudited, £	6 months to 31 December 2017 Unaudited, £
Share options granted to employees, fully vested and in the money at the end of the respective period	—	5,330,000
Warrants given to shareholders as a part of placing equity instruments, fully vested and in the money at the end of the respective period	—	—
Total instruments fully vested and in the money	—	5,330,000

At 31 December 2018, the effect of all the instruments (fully vested and in the money) is anti-dilutive as it would lead to a further reduction of loss per share, therefore they were not included into the diluted loss per share calculation.

Options and warrants with conditions not met at the end of the period, that could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS because they are anti-dilutive for the periods presented:

	6 months to 31 December 2018 Unaudited, £	6 months to 31 December 2017 Unaudited, £
Share options granted to employees – not vested and/or out of the money	27,060,000	21,730,000
Warrants given to shareholders as a part of placing equity instruments – not all conditions met and/or out of the money	435,857,375	236,685,670
Total options and warrants with not all conditions met and/or out of the money	462,917,375	258,415,670
Total number of instruments in issue not included into the fully diluted EPS calculation	463,917,375	258,415,670

Half-yearly report notes
for the period ended 31 December 2018, continued

5 Segmental analysis

Since the last annual financial statements, the Group has re-considered its operational segments. Two new segments were added: US Coal Production and Papua New Guinea Exploration.

For the six-month period to 31 December 2018	US Coal (MET associate) £	Papua New Guinea Exploration (Oro Nickel JV) £	Battery storage, battery materials and energy storage technology £	Other projects (Curzon) £	Corporate and unallocated £	Total £
Revenue	—	—	—	—	—	—
Result						
Segment results	(1,342,235)	(32,451)	(23,332)	—	(187,256)	(1,585,274)
Loss before tax and finance costs						(1,585,274)
Interest receivable						—
Interest payable						(164,091)
Loss for the period before taxation						(1,749,365)
Taxation expense						—
Loss for the period after taxation						(1,749,365)
Total assets at 31 December 2018	234,671	2,942,843	195,953	119,649	214,706	3,707,821
For the six-month period to 31 December 2017	US Coal (MET associate) £	Papua New Guinea Exploration (Oro Nickel JV) £	Battery storage, battery materials and energy storage technology £	Other projects (Curzon) £	Corporate and unallocated £	Total £
Revenue	—	—	—	—	—	—
Result						
Segment results	—	—	—	—	466,151	466,151
Loss before tax and finance costs						466,151
Interest receivable						—
Interest payable						(44,854)
Profit for the period before taxation						421,297
Taxation expense						—
Profit for the period after taxation						421,297
Total assets at 31 December 2017	—	2,915	—	606,328	2,530,588	6,052,393

Half-yearly report notes
for the period ended 31 December 2018, continued

6 Investments in associates and joint ventures

	31 December 2018 Unaudited £	31 December 2017 Unaudited £	30 June 2018 Audited £
At the beginning of the period	3,161,002	3,585,757	3,585,757
Additions	—	—	1,503,377
Share of loss for the period using equity method	(1,301,157)	—	—
Impairment	—	(821,566)	(1,928,132)
At the end of the period	1,859,845	2,764,191	3,161,002

7 Financial assets – reclassification on IFRS 9 adoption

	31 December 2018 Unaudited £	31 December 2017 Unaudited £	30 June 2018 Audited £
Available for sale financial instruments at the beginning of the period (audited)	1,099,572	1,443,707	1,443,707
Transferred to FVTPL category on 1 July 2018	(113,096)	—	—
Transferred to FVTOCI category on 1 July 2018	(986,476)	—	—
Additions	—	936,502	1,336,502
Disposals	—	(1,166,442)	(1,318,181)
Revaluations	—	14,598	(163,597)
Impairment	—	—	(215,372)
Reversal of impairment	—	21,614	16,513
Available for sale financial assets at the end of the period (unaudited)	—	1,249,979	1,099,572

	31 December 2018 Unaudited £	31 December 2017 Unaudited £	30 June 2018 Audited £
FVTOCI financial instruments at the beginning of the period	—	—	—
Transferred from Available for sale category	986,476	—	—
Revaluations	(791,011)	—	—
FVTOCI financial assets at the end of the period (unaudited)	195,465	—	—

	31 December 2018 Unaudited £	31 December 2017 Unaudited £	30 June 2018 Audited £
FVTPL financial instruments at the beginning of the period	—	—	—
Transferred from Available for sale category	113,096	—	—
Disposals	(107,947)	—	—
FVTPL financial assets at the end of the period (unaudited)	5,149	—	—

Half-yearly report notes
for the period ended 31 December 2018, continued

8 Share Capital of the company

The share capital of the Company is as follows:

	Number	Nominal, £
<i>Allotted, issued and fully paid</i>		
Deferred shares of £0.0009 each	1,788,918,926	1,610,027
A deferred shares of £0.000095 each	2,497,434,980	237,256
Ordinary shares of £0.0001 each	791,239,654	79,124
As at 30 June 2018		1,926,407
Issued ordinary shares on 6 December 2018 at 0.5 pence per share	5,000,000	500
Deferred shares of £0.0009 each	1,788,918,926	1,610,027
A deferred shares of £0.000095 each	2,497,434,980	237,256
Ordinary shares of £0.0001 each	796,239,654	79,624
At 31 December 2018		1,926,907

9 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.

Half-yearly report notes
for the period ended 31 December 2018, continued

10 Subsequent events

Loan Note Refinancing and Convertible Loan Notes

On 14 January 2019 the Company announced that it had raised £676,000 by the issue of £676,000 of convertible loan notes with accompanying warrants to institutional and high net worth investors. Further to the announcement of 6 June 2018 the Company announced the partial repayment and restructuring of the US\$1,600,000 outstanding loan note.

The convertible loan notes were issued at par and were convertible into ordinary shares of £0.0001 at a price of £0.00042 per share. Each note has denomination of £1,000 and is thus convertible 238,095 shares in the Company. Conversion may take place at any time up to the final redemption date of 30 May 2020. Each noteholder also receives 119,047 warrants for each note subscribed, and each warrant entitles the holder to subscribe for one share at any time up to 31 May 2021 at a price of £0.006 per share. Up to £1,100,000 of notes may be issued tranches.

The Company further announced that it had amended the terms of its US\$1,600,000 loan note with the following provisions now in place:

- A US\$580,000 repayment will be made following execution of the Deed, of which \$500,000 will then be subscribed by the Lenders for 395 of the convertible loan notes at a cost of £395,000;
- A US\$160,000 repayment will be made from the proceeds of any third-party financing including the issue of any further tranche of the Notes;
- The Extension Fee and \$20,000 of a restructuring fee of US\$156,000 ("Restructuring Fee") becomes immediately payable in respect of which the lenders have subscribed for 22,571,428 new Shares in Regency at a price of 0.35 pence per Share;
- The balance of the restructuring fee becomes payable at maturity of the Loan ("Maturity") which is extended to 28 February 2020 at an interest rate of 12% p.a.;
- From May 2019 to February 2020 Regency will make monthly payments of principal and interest amounting to US\$50,000 per month;
- Bullet payment of balance including interest and the aforementioned balance of the Restructuring Fee at Maturity;
- Should the Company complete any financing transaction over £200,000 while Loan amounts remain outstanding, one third of net proceeds shall be applied to early repayment of the Loan.

Acquisition of North American Vanadium Project

On 24 January 2019 the Company announced that it had exercised its option to acquire a 50% interest in a North American vanadium project.

- The Project includes 196 claims covering 40.96 square kilometres covering a mineralised trend with up to 20 kilometres of potential strike;
- All points on the property lie within 1.8km of the Dempster Highway, some 65 km north of the Eagle River Lodge, northern Yukon;
- The target is primary vanadium in black shale and historic exploration includes soil, silt & rock sampling which outlined numerous broad zones of strongly anomalous vanadium. Drill testing of the targets, although limited to date, identified multiple vanadium bearing intervals;
- The Project has been transferred by the Vendor into a newly incorporated special purpose vehicle, DVY196 Holdings Corp ("DVY"), in which Regency now acquires 50% at a price of CAD 450,000 from the Vendor ("Consideration");
- The Vendor has agreed to subscribe for 53,109,600 new ordinary shares ("Shares") in Regency at a fixed price of 0.50 pence per Share, which at an agreed exchange rate of GBP 1/CAD 1,695) enables Regency to satisfy the Consideration;
- Regency Mines plc will be the operator of the Project;
- Further information on the transaction terms is provided below and the Company will provide further updates to the market in respect of this opportunity in the near term.
- **Principal Transaction Terms:**
 - The CAD450,000 (agreed as equivalent to £265,548) consideration is as a result of the subscription payable in new Regency Mines plc ordinary shares at a price of £0.005 equating to 53,109,600 shares (the "Subscription Shares") and representing approximately 6.05% of the total number of issued shares post transaction.
 - RGM will be prohibited from selling their 50% interest in the Project for a period of 12-months post-acquisition and thereafter the Vendors will retain a first right of refusal to acquire Regency's interest on the same terms as any disposal agreement achieved by Regency.
 - The Subscription Shares distributed to the Vendor will be subject to:
 - A 4 month holding period where the shares may not be traded except subject to the exceptions below:

- Should RGM close at above £0.008 for 7 consecutive trading days, the Vendor has the right to sell 25% of its position.
- Should RGM close at above £0.01 for 7 consecutive trading days, the Vendor has the right to sell a further 25% of its position.
- **In-Country Management**
 - The Project will be held by DVY.
 - The Vendor will have the right to nominate two directors to the board of DVY and will appoint the company secretary & legal counsel.
 - All contracts of work are to be awarded to agreed technical consultants on an arm's length commercial basis.
 - Regency has the right to nominate two members to the Board of DVY.
 - Regency are to be appointed the operator of the Project.
- **Expenditure and Dilution**
 - Regency will commit to and fund a minimum spend of CAD\$150,000 exploration in the 12 months post acquisition and upon completion of the required spend of CAD\$150,000 the joint venture will revert to a shared funding or dilution agreement in line with standard industry practice.
 - Should Regency fail to expend on a pro-rata basis CAD\$950,000 or more within 24 months of acquisition (net of CAD\$150,000), the original syndicate have the right to reacquire 40% of Regency's interest in the Project for Regency's then book cost.
- **Vendor's Residual Interests**
 - The residual 50% DVY interest will vest in a UK private company representing the Vendor interests.
 - The Vendor will receive a 3% NSR royalty (held within the above UK private company).
 - RGM have the right of first refusal to purchase within three months of first commercial production 1% of the NSR for cash consideration of £1,000,000.
 - Vendor to receive cash/equity (50:50) of CAD\$250,000 upon the release of a compliant maiden resource.
 - Vendor to receive cash/equity (50:50) of CAD\$1,500,000 upon commercial production.
 - Vendor to receive cash/equity (50:50) of CAD\$500,000 upon a Decision to Proceed following a feasibility study.

Loan Conversion

On 15 March 2019 the Company announced that it had received notice of the partial conversion of \$105,705 of its outstanding \$1,279,800 loan note originally announced on 6 June 2018 and then refinanced on 14 January 2019. The Company therefore issued 97,292,904 new ordinary shares of 0.01p at a price of £0.000823. This price was calculated under the terms in effect from the original agreement following an initial six-month period where the conversion occurs on the basis of an amount equal to 90% of the lowest daily VWAP over the five trading days immediately preceding the conversion notice being submitted.

On 25 March 2019 the Company announced that it had received notice of the partial conversion of \$117,138.36 of its outstanding \$1,115,000 loan note originally announced on 6 June 2018 and then refinanced on 14 January 2019. The Company therefore issued 121,107,242 new ordinary shares of 0.01p at a price of £0.000729. This price was calculated under the terms in effect from the original agreement following an initial six-month period where the conversion occurs on the basis of an amount equal to 90% of the lowest daily VWAP over the five trading days immediately preceding the conversion notice being submitted. The Parties further announced that they were in discussions regarding the conditions of a hold period on these shares.