

## Regulatory Story

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**Regency Mines PLC** - RGM Final Results for the Year Ended 30 June 2015  
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Regency Mines PLC  
23 November 2015

# Regency Mines Plc

("Regency" or the "Company")

## Final Results for the Year Ended 30 June 2015

**23rd November 2015**

### Chairman's Review

Dear Shareholders,

#### Overview

Regency Mines listed ten years ago in 2005 as a base metal exploration company focussed on nickel which would also actively seek mining finance and transactional opportunities. The latter, it was hoped, could give it greater stability through the exploration cycle and generate cash flow. The 'commodity supercycle' created by demand from the industrialising economies and in particular China was at that time already under way; nickel prices had started to rise from their long-term trend levels in late 2003, and other metals followed in 2004.

The transactional opportunities came early for Regency and have become important again recently. Our dealings in Ram Resources Ltd, Alba Mineral Resources plc, and the Horse Hill oil exploration consortium have been significant contributors to our business with timelines and cost structures very different from and complementary to traditional exploration activities.

On the other hand, base metal exploration projects and related technology investments such as Direct Nickel Ltd have been a drain on our resources and difficult to progress as the natural resource markets declined. This despite high quality and often successful exploration work over the years, including the definition of a major nickel mineral resource at Mambare in Papua New Guinea and significant progress exploring for potash and phosphate in Sudan. Sudan in particular constituted the majority of the low-cost exploration undertaken in the year to 30<sup>th</sup> June 2015.

In 2015 we can see that a new supply-demand balance has been established and bottlenecks in supply no longer exist. The commodity supercycle appears over. Nickel, as it was the first to move on the way up, has been the first to retreat to a price which looks much like a continuation of the pre-2003 long-term price trend. Demand for stainless steel, into which two thirds of nickel will go, can be expected to show steady growth, but the shortages that drove high prices and drove

technical innovation seem less likely today.

In the circumstances we have felt it prudent to take an impairment on our investment in nickel technology company Direct Nickel Ltd, reducing its carrying value from £4,188,415 to £762,439, as well as impairments on our various exploration tenements.

While endeavouring to retain assets with long-term value and those with established resources, the Company's emphasis remains, as last year, on generating cash flow and returns for investors, whether from investment sales or from the development of revenue-producing assets. The Horse Hill investment last year led to no less than thirteen public announcements as the well was drilled and results assessed, and dominated discourse on the Company for a while, raising the profile of the business. It was subsequently disposed of when it became evident from the results that development of the project would not lead to a short-term production asset. To have kept it because it could possibly have turned into something different, with uncertain cash inflows hoped for in the long term but further substantial cash outflows very certain in the short term, would have been an unjustifiable abandonment of our investment rationale and would have been to adopt a much more aggressive and higher risk profile than we were comfortable with.

The emphasis on cash flow has had another consequence, with the majority of overhead costs having been eliminated in a programme which has been taking effect in stages since the year end. Geology and Finance services will from now on be provided on an outsourced as-needed basis with little to no recurring fixed costs. Office costs have been reduced and are expected to be further reduced by subletting excess space. Both administrative costs in London and the overseas costs of maintaining assets remain under constant review to ensure that they remain proportionate and justifiable to our shareholders.

The Company has been seeking further opportunities for taking participation interests in low cost onshore oil production that can match our current investment criteria. In furtherance of this Regency has formed close working relationships with prospective long-term partners, and some projects are already at an advanced stage of discussion with more news expected.

### Discussion of the Results

The increase in loss for the year before taxation, from £1,515,447 to £5,888,742 is due primarily to the decision to impair the carrying value of the Direct Nickel holding by £3,425,976. The impairment level suggested by the accounting standard accords with the view of Regency's management. Direct Nickel is significantly impacted by the decline in the nickel price and a reduced appetite for technical innovation in the sector.

This impairment would account for the whole of the increased loss but for the different impacts of the sale of the Fraser Range tenements into Ram Resources Ltd (ASX:RMR) ("Ram"), and subsequent disposals of Ram stock, in each year. What is shown in the 2015 accounts is a loss on disposal of Ram stock, against a gain on the sale of tenements in the previous year. Taking the two together the underlying reality is that tenements with a total cost to Regency of AUD97,641 are today represented by AUD742,952.38 proceeds from sales of Ram stock, a 4% carried interest in the tenements which Regency can convert to AUD200,000 value of Ram stock, and 59,516,530 retained Ram shares with a current market value of approximately AUD119,033, plus a retained royalty.

The investment in and subsequent sale for £300,000 of the interest in Horse Hill gave rise to an £83,900 loss, included under exploration expenses. The underlying picture is clearer when one takes into account that as a result of the co-investment in Horse Hill with Alba Mineral Resources plc ("Alba"), the Alba price rose and Regency was able during the period to realise a profit on sale of investment of £131,756 from selling a holding previously carried at £48,821, and that Regency was also able to raise £447,700 before expenses in September 2014 at a price per share approximately double that achieved four months earlier and before investing in Horse Hill.

Administrative expenses are shown as rising as a result only of the inclusion of exchange losses within this heading, since these losses on translation rose to £217,934 from £41,126 in the previous year as a result of the strength of sterling over the period.

### Prospects

The Company continues to focus on the identification and pursuit of cash flow generative opportunities in the onshore oil sector, and has made considerable progress since the end of the financial year.

The Company made an opportunistic and successful application for a major asset, the low cost

555 sq km license at Motzfeldt in southern Greenland, which hosts what is believed to be the world's largest known tantalum resource, with a JORC Resource so far identified of 340m tons Ta<sub>2</sub>O<sub>5</sub> at 120 ppm, as well as resources of zirconium and niobium, and potential for other minerals. This, and an interest in a planned graphite mine development at Halberts in Western Australia, represent further potential transactional opportunities where the Company through its continuing discussions will seek greater liquidity for its interests. The holding in and conversion rights into Ram are considered a non-core asset where further value may be extracted.

Careful management of existing portfolio assets will aim at preserving and maximizing value while restricting holding costs wherever possible.

Today Regency has the opportunity to redefine its identity as a company engaging in transactional and cash flow-generative opportunities, which is also a return to its roots at listing. For that purpose it must de-emphasise its back catalogue where appropriate in order to present a new clear and focussed identity that will be attractive to both current and future investors. The necessary and often painful preparatory steps have been taken over the past year, and we expect to move decisively going forward. We look ahead to announcing more detail on these plans and developments.

Andrew Bell

Chairman

20 November 2015

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**Chairman** Regency Mines Plc

**Executive Director** Regency Mines Plc

**NOMAD** Beaumont Cornish Limited

**Broker** Dowgate Capital Stockbrokers Ltd.

**Media Relations** MHP Communications

#### Results and dividends

Regency Mines (the "Parent") and its subsidiaries made a post-tax loss of £5,888,742 (2014: £1,508,812). The Directors do not recommend the payment of a dividend. The following financial statements are extracted from the audited financial statements which were approved by the Board of Directors and authorised for issue on 20 November 2015.

## Consolidated statement of financial position

as at 30 June 2015

	Notes	30 June 2015 £	30 June 2014 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>8,828</b>	22,562
Investments in associates and joint ventures	11	<b>1,660,854</b>	2,234,244
Available for sale financial assets	12	<b>995,011</b>	4,611,833
Exploration assets	13	<b>829,151</b>	1,198,306
<b>Total non-current assets</b>		<b>3,493,844</b>	8,066,945
<b>Current assets</b>			

Cash and cash equivalents	20	<b>3,565</b>	267,325
Trade and other receivables	14	<b>1,830,683</b>	1,659,602
<b>Total current assets</b>		<b>1,834,248</b>	1,926,927
<b>Total assets</b>		<b>5,328,092</b>	9,993,872
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to owners of the Parent			
Called up share capital	18	<b>1,815,326</b>	1,475,403
Share premium account		<b>16,700,261</b>	15,944,484
Share-based payment reserve		-	41,512
Other reserves		<b>60,140</b>	(370,137)
Retained earnings		<b>(13,936,310)</b>	(8,089,080)
<b>Total equity</b>		<b>4,639,417</b>	9,002,182
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	<b>393,685</b>	503,427
Short-term borrowings	15	<b>294,990</b>	488,263
<b>Total current liabilities</b>		<b>688,675</b>	991,690
<b>Total equity and liabilities</b>		<b>5,328,092</b>	9,993,872

These financial statements were approved by the Board of Directors and authorised for issue on 20 November 2015 and are signed on its behalf by:

**Andrew R M Bell**      **Scott Kaintz**  
*Chairman and CEO*      *Director*

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

## Consolidated income statement

for the year ended 30 June 2015

	Notes	Year to 30 June 2015 £	Year to 30 June 2014 £
<b>Revenue</b>			
Management services		<b>29,640</b>	77,571
Gain on sale of tenements		<b>66,469</b>	1,147,504
<b>Total revenue</b>		<b>96,109</b>	1,225,075
Loss on dilution of interest in associate		<b>(215,157)</b>	(24,232)
Loss on sales of investments		<b>(382,678)</b>	(435,374)
Impairment of available for sale financial assets		<b>(3,425,976)</b>	-
Exploration expenses		<b>(559,843)</b>	(876,245)
Administrative expenses (net)		<b>(964,761)</b>	(881,947)

Share of losses of associates and joint ventures (net of tax)		<b>(420,418)</b>	(494,398)
Finance costs, net	4	<b>(16,018)</b>	(28,326)
Loss for the year before taxation	3	<b>(5,888,742)</b>	(1,515,447)
Tax credit	5	-	6,635
<b>Loss for the year attributable to owners of the Parent</b>		<b>(5,888,742)</b>	(1,508,812)
<b>Loss per share attributable to owners of the Parent</b>			
Loss per share - basic	8	<b>(0.34) pence</b>	(0.12) pence
Loss per share - diluted	8	<b>(0.34) pence</b>	(0.12) pence

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

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

## Consolidated statement of comprehensive income

for the year ended 30 June 2015

	30 June 2015 £	30 June 2014 £
<b>Loss for the year</b>	<b>(5,888,742)</b>	<b>(1,508,812)</b>
<b>Other comprehensive (expense)/income</b>		
<b>Items that will be reclassified subsequently to profit or loss</b>		
Deficit on revaluation of available for sale	<b>394,641</b>	(270,265)
Deferred tax on available for sale financial assets	-	(6,635)
Share of other comprehensive income of associates	<b>(12,814)</b>	53,651
Unrealised foreign currency gain	<b>48,450</b>	118,436
<b>Other comprehensive income/(expense) for the year</b>	<b>430,277</b>	<b>(104,813)</b>
<b>Total comprehensive expense for the year attributable to owners of the Parent</b>	<b>(5,458,465)</b>	<b>(1,613,625)</b>

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

## Consolidated statement of changes in equity

for the year ended 30 June 2015

The movements in equity during the year were as follows:

	Share capital £	Share premium account £	Retained earnings £	Share-based payment reserve £	Other reserves £	Total equity £
<b>As at 30 June 2013</b>	1,106,050	15,025,276	(6,595,363)	56,607	(265,324)	9,327,246
<b>Changes in equity for 2014</b>						
<b>Loss for the year</b>	-	-	(1,508,812)	-	-	(1,508,812)
<b>Other comprehensive income for the year</b>	-	-	-	-	(104,813)	(104,813)
<b>Transactions with owners</b>						
Issue of shares	369,353	936,708	-	-	-	1,306,061
Share issue and fundraising costs	-	(17,500)	-	-	-	(17,500)
Share-based payment transfer	-	-	15,095	(15,095)	-	-
<b>Total transactions with owners</b>	<b>369,353</b>	<b>919,208</b>	<b>15,095</b>	<b>(15,095)</b>	<b>-</b>	<b>1,288,561</b>

<b>As at 30 June 2014</b>	1,475,403	15,944,484	(8,089,080)	41,512	(370,137)	9,002,182
<b>Changes in equity for 2015</b>						
<b>Loss for the year</b>	-	-	(5,888,742)	-	-	(5,888,742)
<b>Other comprehensive income for the year</b>	-	-	-	-	430,277	430,277
<b>Transactions with owners</b>						
Issue of shares	339,923	782,132	-	-	-	1,122,055
Share issue and fundraising costs	-	(26,355)	-	-	-	(26,355)
Share-based payment transfer	-	-	41,512	(41,512)	-	-
<b>Total transactions with owners</b>	<b>339,923</b>	<b>755,777</b>	<b>41,512</b>	<b>(41,512)</b>	<b>-</b>	<b>1,095,700</b>
<b>As at 30 June 2015</b>	<b>1,815,326</b>	<b>16,700,261</b>	<b>(13,936,310)</b>	<b>-</b>	<b>60,140</b>	<b>4,639,417</b>

	Available for sale financial asset reserve £	Associate investments reserve £	Foreign currency translation reserve £	Total other reserves £
<b>As at 30 June 2013</b>	(35,034)	(457,640)	227,350	(265,324)
<b>Changes in equity for 2014</b>				
<b>Other comprehensive (expense)/income for the year</b>	(276,900)	53,651	118,436	(104,813)
<b>As at 30 June 2014</b>	(311,934)	(403,989)	345,786	(370,137)
<b>Changes in equity for 2015</b>				
<b>Other comprehensive (expense)/income for the year</b>	394,641	(12,814)	48,450	430,277
<b>As at 30 June 2015</b>	<b>82,707</b>	<b>(416,803)</b>	<b>394,236</b>	<b>60,140</b>

See note 17 for a description of each reserve included above.

## Consolidated statement of cash flows

for the year ended 30 June 2015

	Year to 30 June 2015 £	Year to 30 June 2014 £
<b>Cash flows from operating activities</b>		
Loss before taxation	(5,888,742)	(1,515,447)
Increase in receivables	(93,569)	(46,330)
(Decrease)/increase in payables	(109,740)	66,569
Depreciation	13,734	25,783
Impairment of exploration properties	553,096	849,895
Share-based payments	72,290	93,255
Currency losses	154,425	228,923
Finance cost, net	16,018	28,326
Share of losses of associate	420,418	494,398
Loss on sale of investments	382,678	435,374
Gain on sale of tenements	(66,469)	(1,147,504)
Impairment of available for sale financial assets	3,425,976	-
Loss on dilution of interest in associate	215,157	24,232
<b>Net cash outflow from operations</b>	<b>(904,728)</b>	<b>(462,526)</b>
<b>Cash flows from investing activities</b>		
Interest received	17,003	13,715
Proceeds from sale of investments	605,123	275,317

Purchase of property, plant and equipment	-	(1,028)
Purchase of available for sale financial assets	(300,000)	(53,793)
Payments for exploration costs	(347,428)	(519,140)
Payments for investments in associates and joint ventures	(75,000)	(153,000)
<b>Net cash outflow from investing activities</b>	<b>(100,302)</b>	<b>(437,929)</b>
<b>Cash inflows from financing activities</b>		
Proceeds from issue of shares	1,049,765	1,212,805
Transaction costs of issue of shares	(26,355)	(17,500)
Interest paid	(33,021)	(42,041)
Proceeds of new borrowings	99,787	383,180
Repayment of borrowings	(348,906)	(381,425)
<b>Net cash inflow from financing activities</b>	<b>741,270</b>	<b>1,155,019</b>
<b>Net decrease)/increase in cash and cash equivalents</b>	<b>(263,760)</b>	<b>254,564</b>
Cash and cash equivalents at the beginning of period	267,325	12,761
<b>Cash and cash equivalents at end of period</b>	<b>3,565</b>	<b>267,325</b>

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

Registration number: 05227458

## Company statement of financial position

as at 30 June 2015

	Notes	30 June 2015 £	30 June 2014 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	8,828	22,562
Investments in subsidiaries	10	482	482
Investments in associates and joint ventures	11	1,827,454	2,815,969
Available for sale financial assets	12	909,749	4,611,833
Exploration assets	13	662,384	698,926
<b>Total non-current assets</b>		<b>3,408,897</b>	<b>8,149,772</b>
<b>Current assets</b>			
Cash and cash equivalents	20	2,432	264,577
Trade and other receivables	14	2,548,606	2,354,267
<b>Total current assets</b>		<b>2,551,038</b>	<b>2,618,844</b>
<b>Total assets</b>		<b>5,959,935</b>	<b>10,768,616</b>
<b>EQUITY AND LIABILITIES</b>			
Called up share capital	18	1,815,326	1,475,403
Share premium account		16,700,261	15,944,484
Other reserves		33,530	(336,651)
Retained earnings		(13,267,690)	(7,303,631)
<b>Total equity</b>		<b>5,281,427</b>	<b>9,779,605</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	383,518	500,748
Short-term borrowings	15	294,990	488,263

<b>Total current liabilities</b>	<b>678,508</b>	989,011
<b>Total equity and liabilities</b>	<b>5,959,935</b>	10,768,616

These financial statements were approved by the Board of Directors and authorised for issue on 20 November 2015 and are signed on its behalf by:

**Andrew R M Bell**      **Scott Kaintz**  
**Chairman and CEO**      **Director**

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

## Company statement of changes in equity

for the year ended 30 June 2015

The movements in reserves during the year were as follows:

	Share capital £	Share premium account £	Retained earnings £	Other reserves £	Total equity £
<b>As at 30 June 2013</b>	1,106,050	15,025,276	(6,065,040)	(123,996)	9,942,290
<b>Changes in equity for 2014</b>					
<b>Loss for the year</b>	-	-	(1,253,686)	-	(1,253,686)
<b>Other comprehensive expense for the year</b>	-	-	-	(197,560)	(197,560)
<b>Transactions with owners</b>					
Issue of shares	369,353	936,708	-	-	1,306,061
Share issue and fundraising costs	-	(17,500)	-	-	(17,500)
Share based payment transfer	-	-	15,095	(15,095)	-
<b>Total transactions with owners</b>	369,353	919,208	15,095	(15,095)	1,288,561
<b>As at 30 June 2014</b>	1,475,403	15,944,484	(7,303,631)	(336,651)	9,779,605
<b>Changes in equity for 2015</b>					
<b>Loss for the year</b>	-	-	(6,005,571)	-	(6,005,571)
<b>Other comprehensive income for the year</b>	-	-	-	411,693	411,693
<b>Transactions with owners</b>					
Issue of shares	339,923	782,132	-	-	1,122,055
Share issue and fundraising costs	-	(26,355)	-	-	(26,355)
Share based payment transfer	-	-	41,512	(41,512)	-
<b>Total transactions with owners</b>	339,923	755,777	41,512	(41,512)	1,095,700
<b>As at 30 June 2015</b>	1,815,326	16,700,261	(13,267,690)	33,530	5,281,427

	Available for sale financial asset reserve £	Share-based payment reserve £	Currency reserve £	Total other reserves £
<b>As at 30 June 2013</b>	(182,575)	56,607	1,972	(123,996)
<b>Changes in equity for 2014</b>				
<b>Other comprehensive expense for the year</b>	(197,560)	-	-	(197,560)
Share based payment transfer	-	(15,095)	-	(15,095)
<b>As at 30 June 2014</b>	(380,135)	41,512	1,972	(336,651)
<b>Changes in equity for 2015</b>				



<b>Other comprehensive income for the year</b>	411,693	-	-	411,693
Share based payment transfer	-	(41,512)	-	(41,512)
<b>As at 30 June 2015</b>	<b>31,558</b>	<b>-</b>	<b>1,972</b>	<b>33,530</b>

See note 17 for a description of each reserve included above.

## Company statement of cash flows

for the year ended 30 June 2015

	Year to 30 June 2015 £	Year to 30 June 2014 £
<b>Cash flows from operating activities</b>		
Loss before taxation	(6,005,571)	(1,284,021)
Increase/(decrease) in receivables	(194,339)	12,090
Decrease/(increase) in payables	(117,230)	95,038
Depreciation	13,734	25,759
Share-based payments	72,290	93,255
Finance costs, net	16,018	28,326
Currency (gain)/loss	55,846	(40,962)
Loss on sale of investments	382,678	538,415
Impairment of associate	1,063,515	-
Impairment of available for sale investment	3,425,976	-
Impairment of exploration expenses	351,689	-
<b>Net cash outflow from operations</b>	<b>(935,394)</b>	<b>(532,100)</b>
<b>Cash flows from investing activities</b>		
Interest received	17,003	13,715
Payments for exploration costs	(315,147)	(450,684)
Payments for investments in associates and joint ventures	(75,000)	(153,000)
Purchase of property, plant and equipment	-	(1,028)
Purchase of available for sale financial assets	(300,000)	(53,793)
Proceeds from sale of investments	605,123	275,115
<b>Net cash outflow from investing activities</b>	<b>(68,021)</b>	<b>(369,675)</b>
<b>Cash inflows from financing activities</b>		
Proceeds from issue of shares	1,049,765	1,212,805
Transaction costs of issue of shares	(26,355)	(17,500)
Interest paid	(33,021)	(42,041)
Proceeds of new borrowings	99,787	383,180
Repayments of borrowings	(348,906)	(381,425)
<b>Net cash inflow from financing activities</b>	<b>741,270</b>	<b>1,155,019</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(262,145)</b>	<b>253,244</b>
Cash and cash equivalents at the beginning of period	264,577	11,333
<b>Cash and cash equivalents at end of period</b>	<b>2,432</b>	<b>264,577</b>

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

## Notes to financial statements

for the year ended 30 June 2015

## 1. Principal accounting policies

### 1.1 Authorisation of financial statements and statement of compliance with IFRS

The Group financial statements of Regency Mines plc ("the Company" or "Regency") for the year ended 30 June 2015 were authorised for issue by the Board on 20 November 2015 and signed on the Board's behalf by Andrew Bell and Scott Kaintz. Regency Mines plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

### 1.2 Basis of preparation

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

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

#### Going concern

The financial report has been prepared on the basis of a going concern.

The consolidated entity incurred a net loss before tax of £5,888,742 during the period ended 30 June 2015, and had a net cash outflow of £1,005,030 from operating and investing activities. The consolidated entity continues to be reliant upon completion of capital raising for continued operations, the provision of working capital and for the repayment of the £294,990 interest bearing loan due for repayment in December 2015, and January 2016. Whilst the Directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The Group's cash flow forecast for the 12 months ending 31 December 2016 highlights the fact that the company is expected to generate negative cash flow through that period. The Board of Directors, are evaluating all the options available, including the injection of funds into the Group during the next 12 months, and are confident that the necessary funds will be raised in order for the Group to remain cash positive for the whole period.

The Company has in August 2015 announced the raising of £200,000 through a share placing of 444,444,600 ordinary shares. The Directors feel that a sizeable fundraising associated with a current or new project development plan will be the most likely scenario at this time.

In addition, the Group has further implemented plans to minimise its cash outflows by reducing its fixed costs and overheads by such measures as staff reductions both in the form of redundancies and natural employee attrition, as well as minimizing marketing costs and other office and corporate expenditure. The decision was made during the year to close the geology and accounting departments and instead to rely on outsourced contractors on an ad hoc basis to perform residual functions, giving the Company a much lower level of fixed costs and much greater operational flexibility. The Group's income has traditionally arisen from the provision of management services and in 2015 this is expected to grow from additional rental income from subletting unneeded office space. As of H2 2015 the business strategy has been altered to include the identification and development of oil and gas projects with near-term cash generative potential. At the time of this note several projects were under consideration with negotiations underway on one in particular in the United States. A successful investment of the type being considered has the potential to begin to generate reliable cashflows to the Company in the first half of 2016 and ultimately has the potential to cover ongoing Company overheads.

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

#### Company Statement of Comprehensive Income

As permitted by Section 408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income. The Company's loss for the financial year was £6,005,571 (2014: £1,253,686). The Company's other comprehensive income for the financial year was £411,693 (2014: expense £197,560).

#### Amendments to published standards effective for the year ended 30 June 2015

The following standards have been adopted during the year:

- IFRS 10 "Consolidated Financial Statements";
- IFRS 11 "Joint Arrangements";
- IFRS 12 "Disclosure of Interests in Other Entities";
- IAS 27 (Revised) "Separate Financial Statements"; and
- IAS 28 (Revised) "Investments in Associates and Joint Ventures".

Additional disclosures, where applicable, have been provided to comply with the revised standards although the adoption of these amendments has had no significant impact on the financial position and performance of the Group.

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

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

- a) power over the investee;
- b) exposure, or rights, to variable returns from involvement with the investee; and
- c) the ability to use power over the investee to affect the amount of the investor's returns.

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

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures related to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

#### *Standards adopted early by the Group*

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

#### *Adoption of standards and interpretations*

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

#### *Standards, amendments and interpretations in issue but not effective*

Effective for annual periods beginning on or after 1 January 2015:

- IFRS 9 "Financial Instruments: Classification and Measurement".

Effective for annual periods beginning on or after 1 January 2016:

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations";
- IAS 1 "Presentation of Financial Statements (revised)"; and
- IAS 34 "Interim Financial Reporting (revised)".

The Directors do not anticipate that the adoption of these standards and interpretations in future periods could have a material effect on the financial position or performance of the Group and Company.

### **1.3 Basis of consolidation**

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

#### *Subsidiaries*

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

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

Provisional fair values are adjusted against goodwill if additional information is obtained within one year of the acquisition date about facts or circumstances existing at the acquisition date. Other changes in provisional fair values are recognised through profit or loss.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation, except to the extent that intra-group losses indicate an impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

For the year ended 30 June 2015, the consolidated financial statements combine those of the Company with those of its subsidiaries, Red Rock Uranium Pty Limited, Regency Mines Australasia Pty Limited and Regency Resources Limited.

### **1.4 Summary of significant accounting policies**

#### **1.4.1 Investment in associates**

An associate is an entity over which the Company is in a position to exercise significant influence, but not control or jointly control, through participation in the financial and operating policy decisions of the investee.

Investments in associates are recognised in the consolidated financial statements using the equity method of accounting. The Group's share of post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income are recognised directly in other comprehensive income. The carrying value of the investment, including goodwill, is tested for impairment when there is objective evidence of impairment. Losses in excess of the Group's interest in those associates are not recognised unless the Group has incurred obligations or made payments on behalf of the associate.

Where a Group company transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

Where the Company's holding in an associate is diluted, the Company recognises a gain or loss on dilution in profit and loss. This is calculated as the difference between the Company's share of proceeds received for the dilutive share issue and the value of the Company's effective disposal.

In the Company accounts investments in associates are recognised and held at cost. The carrying value of the investment is tested for impairment when there is objective evidence of impairment.

#### 1.4.2 Interests in joint ventures

The Group has a contractual arrangement with Direct Nickel Pty Ltd which represents a joint venture established through an interest in a jointly controlled entity, Oro Nickel (Vanuatu) Limited.

The Group recognises its interest in the entity's assets and liabilities using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of its net assets, less distributions received and less any impairment in value of individual investments. The Group Income Statement reflects the share of the jointly controlled entity's results after tax.

Any goodwill arising on the acquisition of a jointly controlled entity is included in the carrying amount of the jointly controlled entity and is not amortised. To the extent that the net fair value of the entity's identifiable assets, liabilities and contingent liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the entity's profit or loss in the period in which the investment is acquired.

Financial statements of the jointly controlled entity are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies used into line with those of the Group and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its jointly controlled entity. The Group ceases to use the equity method on the date from which it no longer has joint control over, or significant influence in, the joint venture.

#### 1.4.3 Taxation

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

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

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

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

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

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

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

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

#### 1.4.4 Property, plant and equipment

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

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

#### 1.4.5 Foreign currencies

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

Transactions in currencies other than the functional currency of the relevant entity are initially recorded at the exchange rate prevailing on the dates of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in profit or loss for the period, except for exchange differences on non-monetary assets and liabilities, which are recognised directly in other comprehensive income when the changes in fair value are recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the Group's presentational currency at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates have fluctuated significantly during the year, in which case the exchange rate at the date of the transaction is used. All exchange differences arising, if any, are recognised as other comprehensive income and are transferred to the Group's foreign currency translation reserve.

#### 1.4.6 Revenue

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

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

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

#### 1.4.7 Exploration assets

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

Recoupment of exploration and development costs is dependent upon successful development and commercial exploitation of each area of interest and will be amortised over the expected commercial life of each area once production commences. The Group and the Company currently have no exploration assets where production has commenced.

The Group adopts the "area of interest" method of accounting whereby all exploration and development costs relating to an area of interest are capitalised and carried forward until abandoned. In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made. All expenditure incurred prior to approval of an application is expensed with the exception of refundable rent which is raised as a receivable.

Upon disposal, the difference between the fair value of consideration receivable for exploration assets and the relevant cost within non-current assets is recognised in the Income Statement.

#### 1.4.8 Share-based payments

The Group operates an equity-settled share-based payment arrangement whereby the fair value of services provided is determined indirectly by reference to the fair value of the instrument granted.

The fair value of options granted to Directors and others in respect of services provided is recognised as an expense in the statements of income with a corresponding increase in equity reserves - the share-based payment reserve.

On exercise or lapse of share options, the proportion of the share-based payment reserve relevant to those options is transferred to retained earnings. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date and charged over the vesting period during which the option becomes unconditional.

The fair value of options is calculated using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. There are no market vesting conditions. The exercise price is fixed at the date of grant. For other equity instruments granted during the year (i.e. other than share options), fair value is measured on the basis of an observable market price.

#### 1.4.9 Pension

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

#### 1.4.10 Finance costs/revenue

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

Finance revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### 1.4.11 Financial instruments

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

#### **Financial assets**

##### ***Investments***

Investments in subsidiary companies are classified as non-current assets and included in the Statement of Financial Position of the Company at cost at the date of acquisition less any identified impairments.

Investments in associate companies are classified as non-current assets and included in the Statement of Financial Position of the Company at cost at the date of acquisition less any identified impairments.

For acquisitions of subsidiaries or associates achieved in stages, the Company re-measures its previously held equity interests in the acquiree at its acquisition-date fair value and recognises the resulting gain or loss, if any, in profit or loss. Any gains or losses previously recognised in other comprehensive income are transferred to profit and loss.

##### **Available for sale financial assets**

Equity investments intended to be held for an indefinite period of time are classified as available for sale financial assets. They are carried at fair value, where this can be reliably measured, with movements in fair value recognised in other comprehensive income and debited or credited to the available for sale financial assets reserve. Where the fair value cannot be reliably measured, the investment is carried at cost or a lower valuation where the Directors consider the value of the investment to be impaired.

Available for sale financial assets are included within non-current assets. On disposal, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had previously been recognised directly in reserves is recognised in the Income Statement.

Income from available for sale financial assets is accounted for in the Income Statement when the right to receive it has been established.

The Group assesses at each reporting date whether there is objective evidence that an investment is impaired. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement - is removed from other comprehensive income and recognised in the Income Statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

##### **Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

##### **Trade and other receivables**

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An allowance for impairment is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

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

#### **Financial liabilities and equity**

##### ***Trade and other payables***

Trade and other payables are initially recognised at fair value and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

##### ***Short-term borrowings***

Short-term borrowings are recorded initially at their fair value, plus directly attributable transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the instrument using an effective rate of interest.

##### ***Equity instruments***

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

### **1.5 Significant accounting judgements, estimates and assumptions**

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

#### ***Significant judgements in applying the accounting policies***

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

##### **Recognition of holdings less than 20% as an associate**

The Directors have classified, as an associate, an equity investment where the Company is in a position to exercise significant

influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is presumed when the Company holds greater than 20% of the voting power of the investee, unless it can be clearly demonstrated that this is not the case. Conversely, if the Company holds less than 20% of the voting power of an investee, it is presumed that the Company does not have significant influence, unless such influence can be clearly demonstrated.

The Company owns 4.87% (2014: 9.80%) of the issued share capital of Red Rock Resources plc. Andrew Bell, Chairman and Chief Executive Officer of the Company, is also a member of the Board and the Executive Chairman of Red Rock Resources plc. In accordance with IAS 28, the Directors of the Company consider this to provide the Group with significant influence as defined by the standard. As such, it continues to recognise Red Rock Resources plc as an associate for the year ended 30 June 2015 despite its shareholding falling below 20%.

The effect of recognising Red Rock Resources as an available for sale financial asset would be to decrease the loss by £431,906 and increase other comprehensive income by £12,814.

#### *Significant accounting estimates and assumptions*

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

#### **Share-based payment transactions**

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

#### **Fair value measurement**

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

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

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

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

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

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

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

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

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

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

#### **Impairment of available for sale financial assets**

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

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

As a result of the Group's evaluation, no impairment (2014: no impairment) on available for sale investments was recognised in the income statement.

## **2. Segmental analysis**

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

The only sources of funds are issues of new equity and sales of exploration rights, investments or other assets. Therefore, in

addition to monitoring the current market perception of the Company to shareholders, brokers and other possible providers of equity finance, constant attention is paid to:

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

At 30 June 2015 the Group had cash and cash equivalents of £3,565 and undrawn facilities available in the SEDA of £3.19m. The market value of the most significant of the Group's listed investments at 30 June 2015 is as follows:

- Red Rock Resources plc £113,560.

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

IFRS 8 requires the reporting of information about the revenues derived from the various areas of activity, the countries in which revenue is earned regardless of whether this information is used in by management in making operating decisions.

Year to 30 June 2015	Investment in Red Rock Resources plc £	Other investments £	Australian exploration £	Papua New Guinea exploration £	Corporate and unallocated £	Total £
<b>Revenue</b>						
Management services	-	-	-	-	29,640	29,640
Gain on sale of tenements	-	-	66,469	-	-	66,469
	-	-	66,469	-	29,640	96,109
Loss on dilution of interest in associate	(215,157)	-	-	-	-	(215,157)
Loss on sale of investments	-	131,756	(514,434)	-	-	(382,678)
Exploration expenses	-	(341,404)	(208,154)	(10,285)	-	(559,843)
Administrative expenses*	-	-	(169,427)	-	(795,334)	(964,761)
Share of losses in associates	(431,906)	-	-	11,488	-	(420,418)
Impairment of available for sale investments	-	(3,425,976)	-	-	-	(3,425,976)
Finance cost - net	-	-	-	-	(16,018)	(16,018)
<b>Net (loss)/profit before tax from continuing operations</b>	<b>(647,063)</b>	<b>(3,635,624)</b>	<b>(825,546)</b>	<b>1,203</b>	<b>(781,712)</b>	<b>(5,888,742)</b>
<b>Year to 30 June 2014</b>						
<b>Revenue</b>						
Management services	-	-	-	-	77,571	77,571
Gain on sale of tenements	-	-	1,147,504	-	-	1,147,504
	-	-	1,147,504	-	77,571	1,225,075
Loss on dilution of interest in associate	(24,232)	-	-	-	-	(24,232)
Loss on sale of investments	-	(435,374)	-	-	-	(435,374)
Exploration expenses	-	-	(869,082)	(7,163)	-	(876,245)
Administrative expenses*	-	-	(94,259)	-	(787,688)	(881,947)
Share of losses in associates	(394,805)	-	-	(99,593)	-	(494,398)
Finance cost - net	-	-	-	-	(28,326)	(28,326)
<b>Net (loss)/profit before tax from continuing operations</b>	<b>(419,037)</b>	<b>(435,374)</b>	<b>184,163</b>	<b>(106,756)</b>	<b>(738,443)</b>	<b>(1,515,447)</b>

\* Included in administrative expenses is depreciation charge of £13,734 (2014: £25,783) under Corporate and unallocated.

#### Information by geographical area

Presented below is certain information by the geographical area of the Group's activities. Investment sales revenue and exploration property sales revenue are allocated to the location of the asset sold.

Year to 30 June 2015	UK £	Australia £	Papua New Guinea £	Sudan £	Other £	Total £
<b>Revenue</b>						



Management services	29,640	-	-	-	-	29,640
Gain on sale of tenements	-	66,469	-	-	-	<b>66,469</b>
<b>Total segment revenue</b>	<b>29,640</b>	<b>66,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,109</b>
<b>Non-current assets</b>						
Investments in associates and joint ventures	-	-	1,660,854	-	-	1,660,854
Property, plant and equipment	8,828	-	-	-	-	8,828
Available for sale financial assets	<b>147,307</b>	<b>847,704</b>	-	-	-	<b>995,011</b>
Exploration assets	-	149,141	-	<b>626,810</b>	53,200	829,151
<b>Total segment non-current assets</b>	<b>156,135</b>	<b>996,845</b>	<b>1,660,854</b>	<b>626,810</b>	<b>53,200</b>	<b>3,493,844</b>

Year to 30 June 2014	UK £	Australia £	Papua New Guinea £	Sudan £	Total £
<b>Revenue</b>					
Management services	77,571	-	-	-	77,571
Gain on sale of tenements	-	<b>1,147,504</b>	-	-	<b>1,147,504</b>
<b>Total segment revenue</b>	<b>77,571</b>	<b>1,147,504</b>	<b>-</b>	<b>-</b>	<b>1,225,075</b>
<b>Non-current assets</b>					
Investments in associates and joint ventures	584,878	-	1,649,366	-	2,234,244
Property, plant and equipment	22,562	-	-	-	22,562
Available for sale financial assets	<b>136,933</b>	<b>4,474,900</b>	-	-	<b>4,611,833</b>
Exploration assets	-	499,380	-	<b>698,926</b>	1,198,306
<b>Total segment non-current assets</b>	<b>744,373</b>	<b>4,974,280</b>	<b>1,649,366</b>	<b>698,926</b>	<b>8,066,945</b>

### 3. Loss on ordinary activities before taxation

Group	2015 £	2014 £
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
- fees payable to the Company's auditor for the audit of consolidated and Company financial statements	15,000	15,000
- fees payable to subsidiary auditors for the audit of subsidiary financial statements	2,225	2,370
Depreciation	13,734	25,783
Directors' emoluments	204,401	185,343
Share-based payments - Directors	30,000	29,975
Share-based payments - Staff	42,290	63,280
Currency losses	217,934	41,126

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

### 4. Finance costs, net

	2015 £	2014 £
Interest expense	(33,021)	(42,041)
Interest income	17,003	13,715
	<b>(16,018)</b>	<b>(28,326)</b>

### 5. Taxation

	2015 £	2014 £
<b>Current period transaction of the Group</b>		
UK corporation tax at 20.75% (2014: 22.50%) on profits for the period	-	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	-	(6,635)
Deferred tax assets derecognised	-	-

<b>Tax (credit)</b>	-	(6,635)
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	(5,888,742)	(1,515,447)
Loss on ordinary activities at the average UK standard rate of 20.75% (2014: 22.50%)	(1,221,914)	(340,976)
Impact of subsidiaries and associates	(24,242)	69,803
Effect of tax benefit of losses carried forward derecognised	298,090	282,883
Effect of non-deductible expense	948,066	(18,345)
Other deductions for tax purposes	-	-
<b>Current tax (credit)</b>	-	(6,635)

In addition to the amounts charged to the Consolidated Statement of Income a deferred tax charge amounting to £nil (2014: £6,635) relating to the Group's investments was recognised in the Statement of Comprehensive Income.

Finance Act 2013 set the main rate of corporation tax at 21% from 1 April 2014 and at 20% from 1 April 2015. Therefore deferred tax assets/(liabilities) are calculated at 20% (2014: 21%).

## 6. Staff costs

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

	2015 £	2014 £
Wages and salaries	455,774	585,559
Pension	18,743	25,176
Social security costs	40,785	50,111
Employee share-based payment charge	72,290	93,255
<b>Total staff costs</b>	<b>587,592</b>	<b>754,101</b>

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

	2015 Number	2014 Number
Executives	5	5
Administration	7	8
Exploration	5	8
	<b>17</b>	<b>21</b>

The Company's staff are employed both by the Company and Red Rock Resources plc ("Red Rock"). During the year, staff costs of £105,848 (2014: £174,863) were recharged to Red Rock. Such recharges are offset against administration expenses in the income statement.

During the year, for all Directors and employees who have been employed for more than three months, the Company contributed to a defined contributions pension scheme as described under Directors' remuneration in the Directors' Report and a Share Incentive Plan ("SIP") as described under Management incentives in the Directors' Report.

## 7. Directors' emoluments

	Directors' fees £	Consultancy fees £	Share-based payments - SIP £	Pension contributions £	Social security costs £	Total £
<b>2015</b>						
<b>Executive Directors</b>						
A R M Bell	48,000	15,000	6,000	2,930	4,531	76,461
S Kaintz	65,000	-	6,000	3,138	7,440	81,578
<b>Non-executive Directors</b>						
E Bugnosen	18,000	-	6,000	882	1,092	25,974
J M E Lee	18,000	-	6,000	-	1,163	25,163
J Watkins	18,000	-	6,000	-	1,225	25,225
	<b>167,000</b>	<b>15,000</b>	<b>30,000</b>	<b>6,950</b>	<b>15,451</b>	<b>234,401</b>
<b>2014</b>						
	Directors' fees £	Consultancy fees £	Share-based payments - SIP £	Pension contributions £	Social security costs £	Total £

**Executive Directors**

A R M Bell	48,000	15,000	6,000	3,485	4,021	76,506
S Kaintz	39,000	-	6,000	3,284	7,333	55,617

**Non-executive Directors**

E Bugnosen	23,740	-	5,975	1,232	1,836	32,783
J M E Lee	18,000	-	6,000	-	1,206	25,206
J Watkins	18,000	-	6,000	-	1,206	25,206
	146,740	15,000	29,975	8,001	15,602	2