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(AIM:RGM)

November 6, 2009

REGENCY CONCLUDES JV AGREEMENT WITH DIRECT NICKEL

- **DNi's Tank Leaching To Be Piloted And Applied To Mambare Nickel Laterites**
 - **New JVCo Company Would Seek Stock Market Listing**
 - **Licensed To Produce Up To 60,000tpa Nickel In Concentrates**
 - **Would Also Have Rights To Second Project Of Half This Capacity**
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Regency Mines, the AIM-listed mineral exploration and development company, says that further to its announcement of August 19, it has now signed a 50:50 joint venture with Australia-based Direct Nickel Pty Ltd (DNi) under which the two companies will co-operate in piloting and applying DNi's advanced nickel-cobalt tank leaching technology to Regency's Mambare nickel laterite deposit in Papua New Guinea.

Under the terms of the Joint Venture, Regency will agree to sell its wholly-owned subsidiary Canopus No. 83 Limited and any other interests it may come to hold in the vicinity of Mambare to a new wholly-owned subsidiary of DNi (Oro). Consideration is the issue of redeemable convertible shares that will convert on the Joint Venture achieving its objective (see below), into a 50% interest in Oro.

The objective of the Joint Venture is defined as achieving, directly or indirectly, a listing of Oro on a stock market in order to fund ongoing resource delineation at Mambare and the piloting of the DNi Process. If this objective is not achieved, either party will have the right (but not the obligation) to terminate the Joint Venture, and Regency's redeemable convertible shares would then be convertible into a 100% interest in Canopus No. 83 Limited.

Oro will hold a licence to use the DNi technology to produce up to 60,000tpa of nickel in concentrates, together with the right to a second licence for an approved second project producing up to 30,000tpa of nickel in concentrates.

Regency will also enter into a sale and purchase agreement (in an agreed form) with Oro, completion of which will require compliance with UK and PNG legal or regulatory requirements. In addition, the company will negotiate an operating agreement with DNi under which they will work together in managing Oro, with primary responsibility resting with the DNi team.

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Commenting today, Regency chairman Mr Andrew Bell said:

“The signing of this joint venture is confirmation that the two companies recognise the potential of both the Botue-Mambare project and the DNi process and re-affirms their belief that putting the two together can maximise the value of each. The agreed structure will bring specialist capabilities to Regency, give us listed stock and remove the requirement for the company to fund future development.

London has heard a lot - from at least three companies – about heap leaching, including heap leaching of tropical laterites. Undoubtedly heap leaching will have its place in certain circumstances. But this is something different, with the potential to change the whole industry, as the Bessemer process changed steelmaking in the nineteenth century. The very high yields and very low leachate consumption seem to offer the prospect of dramatically lower operating cost, and the ability to treat limonite and saprolite ores the same way means that this can be applied to all deposit types”.

DNi's tank leaching process provides a hydrometallurgical route for the production of metal from all forms of laterite ores. The process operates at atmospheric pressure and at moderate temperatures (<200⁰C) and testwork has achieved nickel and cobalt recoveries in excess of 90% from laterite ores, with over 90% recycling of reagent recycled (see www.directnickel.com).

Further Information:

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<http://www.regency-mines.com> [Regency Share Price](#)