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REGENCY LINKS WITH AUSTRALIA'S DIRECT NICKEL TO PROGRESS MAMBARE NICKEL-COPPER PROJECT

- **Advanced DNi Tank Leaching Process Suitable For Treating Mambare Ore**
- **MoU To Work Towards Pooling Arrangement And New Jointly-Owned Company**

Regency Mines, the AIM-listed mineral exploration and development company, says it has signed a non-binding Memorandum of Understanding (MoU) with Direct Nickel Pty Ltd (DNi) of Sydney, Australia with the objective of progressing Regency's Mambare nickel-cobalt project in Papua New Guinea.

The two companies have agreed in principle to pool Regency's Mambare interest with DNi's nickel-cobalt treatment process to form a new company in which both parties will hold shares. The new company will have non-exclusive licensing arrangements for the DNi process and will raise funding for further development of Mambare, including a pilot plant. DNi would assume the role of project operator in this company, and both parties would be represented in the board and management.

The two companies have agreed to grant each other exclusivity until October 1, 2009. During this period, neither company will negotiate with, nor furnish information, to any third parties, and Regency will not vary or enter into any material contracts relating to operations at Mambare.

Both companies recognise the substantial potential of Mambare and the DNi process, and believe that putting the two together can maximise the value of each. The MoU expresses their firm intention in this regard. Over the past year, Regency has reviewed the various processing methods under development that might be applicable to treatment of tropical nickel-cobalt laterites and that would reduce capital and operating costs of production. The Company believes that DNi's tank leaching process appears likely to be applicable to Mambare laterites.

Andrew Bell, Regency Chairman, states: *"For a year DNi has been our preferred partner and this has increasingly been our preferred technology. So this is a wonderful development. The planned structure, similar to that of our affiliate Red Rock with Pallinghurst, would bring in specialist capabilities, give us listed stock, and relieve us of the requirement to fund the future development of the deposit. The upside is immense, if we become the leading technology; the downside is limited; the cash flow implications entirely favourable."*

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 (<200°C) and testwork has achieved nickel and cobalt recoveries in excess of 90% from laterite ores.

Further Information:

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