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REGENCY MINES PLC ANNOUNCES DEBT ACQUISITION

Resource Mining Corporation Limited (**ASX: RMI**) refers to an announcement by Regency Mines PLC (AIM:RGM) ("Regency") dated 7 April 2020. Regency announced that it has agreed to acquire A\$1.71 million of debt of RMI from Sinom (Hong Kong) Limited, RMI's largest Shareholder and an entity controlled by RMI's Non-Executive Director, Andy Zhang. RMI is not a party to this debt acquisition by Regency.

The Debt Purchase Summary according to Regency's announcement is as follows:

"Regency has agreed to purchase AUD 1.71m of outstanding corporate debt in RMI from Sinom Hong Kong Limited ("Sinom"). The consideration is £178,096 cash plus 13,288,982 new ordinary shares ("Consideration Shares"), representing (at a price of £0.011 per ordinary share at the time the transaction was finalised) an aggregate consideration of £324,275 (the "Transaction") being a 62% discount to the face value of the debt, effectively at full face value an equivalent issue price of £0.05 per share. The new shares are subject to a lock-up for one year.

Regency has been granted a 6-month option, extendable at the election of Sinom, to purchase the remaining RMI debt of AUD 3.05m for consideration of 23,711,018 new ordinary shares and AUD 640,000 in cash, which represents a similar discount to the initial acquisition.

The existing RMI debt consists of four instruments as follows:

Purchased by Regency:

- Loan Note A: AUD 1,210,000*
- Loan Note B: AUD 500,000*

Under Option:

- Convertible Loan Notes of AUD 2,000,000*
- Loan Note C: AUD 1,051,087*

All the loan notes are interest free and unsecured. The convertible notes are convertible into ordinary shares of RMI at a price of AUD 0.20, however the convertible feature of the notes under option would be removed prior to purchase by Regency.

During the period of the option, Sinom have the right to drag Regency along if they proceed with a sale of the residual portion of their debt, and Regency has agreed with Sinom to limit some of their rights as lender.

Post the expiry of the option and assuming the option is not exercised Regency is either entitled to have Sinom repurchase the debt on the same initial terms as the original purchase or to benefit from all normal lender rights."



According to Regency's website:

- Regency manages a diverse portfolio of mineral and energy storage projects and investments in multiple international locations and at different stages of development.
 - Operational locations include Papua New Guinea, Canada and the United Kingdom.
- Regency owns 50% of license EL1390 covering 256km² near Kokoda in Papua New Guinea.
 - EL 1390 hosts the Mambare nickel-cobalt laterite deposit in eastern Papua New Guinea;
 - The Mambare project is a joint-venture between Regency Mines plc (50%) and Battery Metals Pty Ltd (50%).
 - The project is licensed to use Direct Nickel's revolutionary nickel laterite treatment process.

RMI notes that Regency's announcement refers to its "*...plan to initiate constructive discussions with RMI management regarding synergies between its Mambare project and the WoWo Gap nickel-cobalt project in PNG*". At this stage, Regency have not made any contact with RMI, and no such discussions have commenced.

Yours sincerely



Warwick Davies
Managing Director

Authorised for lodgement by William Mackenzie, Chairman.