

31 July 2015

ASX Code: **RER**

KALONGWE MINING PERMIT CONVERSION UPDATE

The Directors of Regal Resources Limited (**ASX: RER**) ("Regal" or "the Company") are pleased to advise that they have been informed by Kalongwe Mining SA ("KM") that the DRC Ministry of Mines has approved two key documents submitted to the Ministry in April 2015 as part of the application to convert the Kalongwe project (PR 12198) to an exploitation (mining) licence.

In accordance with DRC Mining Code (2002) and Decree No. 038/2003 of 26 March 2003 (Mining Regulations), Kalongwe Mining was required to submit an Environmental Impact Study (EIS) and Environmental Management Plan of the Project (EMPP) as well as a technical study that demonstrates:

- The existence of a deposit which is economically exploitable on a large scale,
- The evidence of the existence of the financial resources necessary to complete the project successfully, and
- The plan for technical supervision of the development, construction and exploitation of the mine.

The Ministry of Mines has informed KM that both the EIS and EMPP have been approved and the Director of Mine Services has provided a favourable technical opinion for the development of an open pit mining operation at Kalongwe.

As a consequence of these approvals a recommendation has been sent to the Minister of Mines that the Kalongwe licence be converted to a mining permit.

Once approval has been received from the Minister, KM will be required to transfer to the DRC State a 5% share of its 100% holding in the Kalongwe permit.

The Mining Code provides that the granting of an exploitation permit entitles its holder to the exclusive right to conduct exploration, development, construction and mining activities for those minerals for which the permit is given. It also allows its holder to build the installations and infrastructure required for the mining exploitation, use the water and forestry resources inside the mining perimeter, and process, transport and market the minerals extracted from the mining perimeter.

On behalf of the Board of Directors,



David Young
Managing Director

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About Regal

Regal Resources Limited is an exploration company focused on transitioning in the near-term to 25,000 t per annum copper producer.

The Company's flagship project is the Kalongwe deposit (or "the Project") that hosts a near surface oxide JORC resource of 302,000t contained copper and 42,000t contained cobalt, with an average copper grade of Cu of 2.71% Cu, has been delineated.

The Project is located in the Katanga Province of the DRC and is situated towards the western end of the World Class, Central African Copperbelt.

A Scoping Study (or "the Study") has been completed that was based on the Measured and Indicated resource categories of the deposit (ASX: RER, 21 April 2015). The purpose of the Scoping Study was to evaluate the viability of developing a stand-alone mining operation at Kalongwe utilising a HMS plant to process high-grade mineralisation during the earlier stages of mine development.

The results of the Study have highlighted the potential to fast track the development of mine at Kalongwe.

Key Outcomes of the Scoping Study

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| Project Net Present Value (NPV @ 10% discount rate) Cu price \$3/lb * | \$77.9 million |
| Project Internal Rate of Return (IRR) | 81% |
| Payback | 13 months |
| Capital Cost to Initial Production | \$38.9 million |
| Operating Costs (per pound ("lb") Cu payable) | \$1.01per lb |

* Base Case is stated on a post-tax basis assuming 100% project at a copper price of \$3.00/lb. All amounts are in US dollars unless otherwise stated.

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Ownership of the Project is held by Kalongwe Mining SA ("Kalongwe Mining"), a company currently owned by Regal (30%), the international commodities trading company Traxys (30%) and La Generale Industrielle et Commerciale au Congo SPRL ("GICC") (40%). Exploration and development costs are jointly funded by Regal and Traxys. Regal is the operator of the JV.

Regal is at an advanced stage in negotiations to increase its interest in Kalongwe Mining to 60% and as the operator of the JV is focused on fast tracking the development of a mining operation at Kalongwe.

The Company has also entered into a joint venture with Ivanhoe Mines to earn up to a 98% interest in a package of highly prospective permits covering an area of 350sq km and largely contiguous with Kalongwe permit.

An aggressive exploration programme is planned to focus on high priority targets identified in the Ivanhoe Mines JV permits that have the potential to support future growth of the Company.