



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP16/68

Thursday, 22 September 2016

Regal Resources Limited – Panel Receives Application

The Panel has received an application from Mr Warwick Sauer in relation to the affairs of Regal Resources Limited. The application concerns Regal's recently completed entitlement offer.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 4 July 2016, Regal announced a 1-for-2 non-renounceable entitlement offer at \$0.01 per share to raise approximately \$9 million. The offer was fully underwritten by Ndovu Capital VI B.V., substantial shareholder in Regal.

The offer included a shortfall facility permitting shareholders to apply for shares in excess of their entitlement. The prospectus stated that *"Shortfall Shares will be allocated firstly to Eligible Shareholders who apply for Shortfall Shares, then to Ndovu in its capacity as Underwriter."* It also stated that *"Shortfall Shares are to be issued at the discretion of the Company and as such there is no guarantee that any Shortfall Shares will be issued to Eligible Shareholders or other third parties."*

The applicant submits that Regal scaled back applications for shortfall shares, which were issued to Ndovu as underwriter.¹ Ndovu held 63.16% of Regal following the offer.

The applicant submits that *"it appears that the non-renounceable nature of the offer, the underwriting arrangement with Ndovu, and the actual method of dealing with the offer's shortfall (as compared to the promised method), were designed to substantially increase Ndovu's stake in Regal, at a material discount to Regal's prevailing share price."* He

¹ The shortfall issued to Ndovu comprised 244,051,820 shares

submits that Regal did not take reasonable steps to minimise the potential control impacts of the entitlement offer.

The applicant seeks interim orders that Ndovu not deal with its interests in Regal until the Panel makes its final determination.

The applicant seeks final orders that within a reasonable period of time from the making of the Panel's order, as agent for Ndovu, Regal make an offer to each shareholder that applied for shortfall shares but was not allocated every shortfall share they applied for on the following terms:

- that Ndovu will, upon the shareholder's acceptance of the offer via payment to Regal (as agent for Ndovu) of \$0.01 per share, unconditionally transfer to the shareholder a number of shares up to the number that the shareholder applied for under the relevant prospectus but was not allocated and
- that the offer will remain open for acceptance for a period of 28 days from its being made.

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