

29 July 2016

ASX Code: **RER**

## QUARTERLY ACTIVITIES REPORT JUNE 2016

### HIGHLIGHTS

#### Corporate

- Completed negotiations with Traxys and GICC in relation to increasing Regal's stake in the Kalongwe Project.
- Completed negotiations with Tembo and ECP in relation to financing.
- Reached a settlement on unresolved claims from Afrimines.
- Relocated registered office and principal administrative office.
- Changed external auditors.

#### Legal Proceedings

- Received a Statement of Claim and Writ of Summons from Eucalyptus Gold Mines Pty Ltd.
- Received a Statement of General Procedure Third Party Claim from Peter Andrew Wiltshire.
- Company intends on vigorously defending both proceedings.

#### Kalongwe High-Grade Cu/Co Project

- Progressed transfer of 5% to the DRC Government.
- Commenced planning for field exploration including drilling to start post closure of rights issue.

#### Regal-Ivanhoe Joint Venture

- Paid Subsequent Signing Fee under the earn-in agreement with Ivanhoe for US\$150k.
- Commenced planning for field exploration including drilling to start post closure of rights issue.

The Directors of Regal Resources Limited (**ASX: RER**) ("Regal" or "the Company") are pleased to present their Quarterly Activities Report for the period ended 30 June 2016.

### Corporate

During the quarter, the Company completed negotiations with various parties including Traxys Projects L.P. ("Traxys") and La Generale Industrielle et Commerciale au Congo ("GICC") in relation to increasing its interest in Kalongwe Mining SA ("KMSA"), and Tembo Capital Group ("Tembo") in relation to further investment. The negotiations resulted in Regal executing the following agreements:

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- Agreements with each of Traxys and GICC pursuant to which the Company acquired Traxys' interest and part of GICC's interest in KMSA;
- An agreement with Ndovu Capital VI BV ("Ndovu"), an affiliate of Tembo, to provide the funding necessary for Regal to pay the consideration payable to Traxys and GICC, by way of a placement of approximately US\$5.3 million worth of Regal shares;
- An agreement with Ndovu pursuant to which Ndovu provided additional bridge funding of A\$1.1 million to fund Regal through to completion of the transactions, by way of an addition to its existing convertible loan;
- An agreement with Ndovu and Exploration Capital Partners 2005 Limited Partnership ("ECP"), an affiliate of Sprott Inc., for the automatic conversion of their convertible loan to Regal upon completion of the transactions;
- An agreement with Ndovu to underwrite a rights issue of approximately US\$7 million, subject to the above transactions completing; and
- A settlement agreement with former joint venture partner Afrimines Resources SPRL ("Afrimines") and the joint venture vehicle, Regal SK SPRL for US\$1.2 million worth of shares in Regal and a US\$1.2 million cash payment.

The transactions summarised above were subject to a number of conditions precedent which are outlined in the ASX announcement on 20 April 2016, which included the receipt of all necessary shareholder approvals, which were obtained at the general meeting held on 30 June 2016.

On 7 July 2016, the Company announced completion of the transactions and as of that date, Regal holds 70% of Kalongwe, its debt under the convertible loan has been extinguished, and it has been released from any claims in relation to its former joint venture with Afrimines.

During the quarter, as previously approved by shareholders, the Company also changed its auditors (now BDO (WA) Pty Ltd, previously BDO East Coast Partnership) as a result of the recent relocation to Perth. Additionally, the Company's registered office and principal administrative office was relocated with new office details as follows:

Address:	Unit 2, 8 Corbusier Place, Balcatta WA 6021
Phone:	+61 (0)8 9240 8766
Fax:	+61 (0)8 9240 2005

At the end of the quarter, Regal had cash reserves of ~\$0.8 million (unaudited) with ordinary shares on issue of ~223 million (unaudited).

## Legal Proceedings

During the quarter, the Company was served with a Statement of Claim and Writ of Summons by Eucalyptus Gold Mines Pty Ltd (EGM) filed in the Supreme Court of Western Australia. EGM's claim is for damages for breach of contract in respect of a royalty on all gold recovered from the relevant tenement (Mining Lease 39/115), alleged failure to comply with the reporting obligation in respect of the mining lease resulting in the forfeiture of the mining lease, failure to lodge a security bond as well as interest and costs. EGM has not specified the quantum of the claim and alleges that it has "suffered loss and damage, full particulars of which will be furnished prior to the hearing of this matter".

The Company was also served with a Statement of General Procedure Third Party Claim by Peter Andrew Wiltshire (Wiltshire) in the Magistrates Court of Western Australia. The Shire of Laverton claims unpaid rates, interest and costs against Wiltshire and Wiltshire claims that Regal was the true owner of the relevant tenements (P39/4361-63, P39/4366-75 and M39/1083) at all material times.

Both claims relate to projects that were the initial focus of Regal circa the IPO in 2005. **Regal intends on vigorously defending both proceedings.**

## Kalongwe High-Grade Cu/Co Project (Katanga Province, DRC)

### Overview

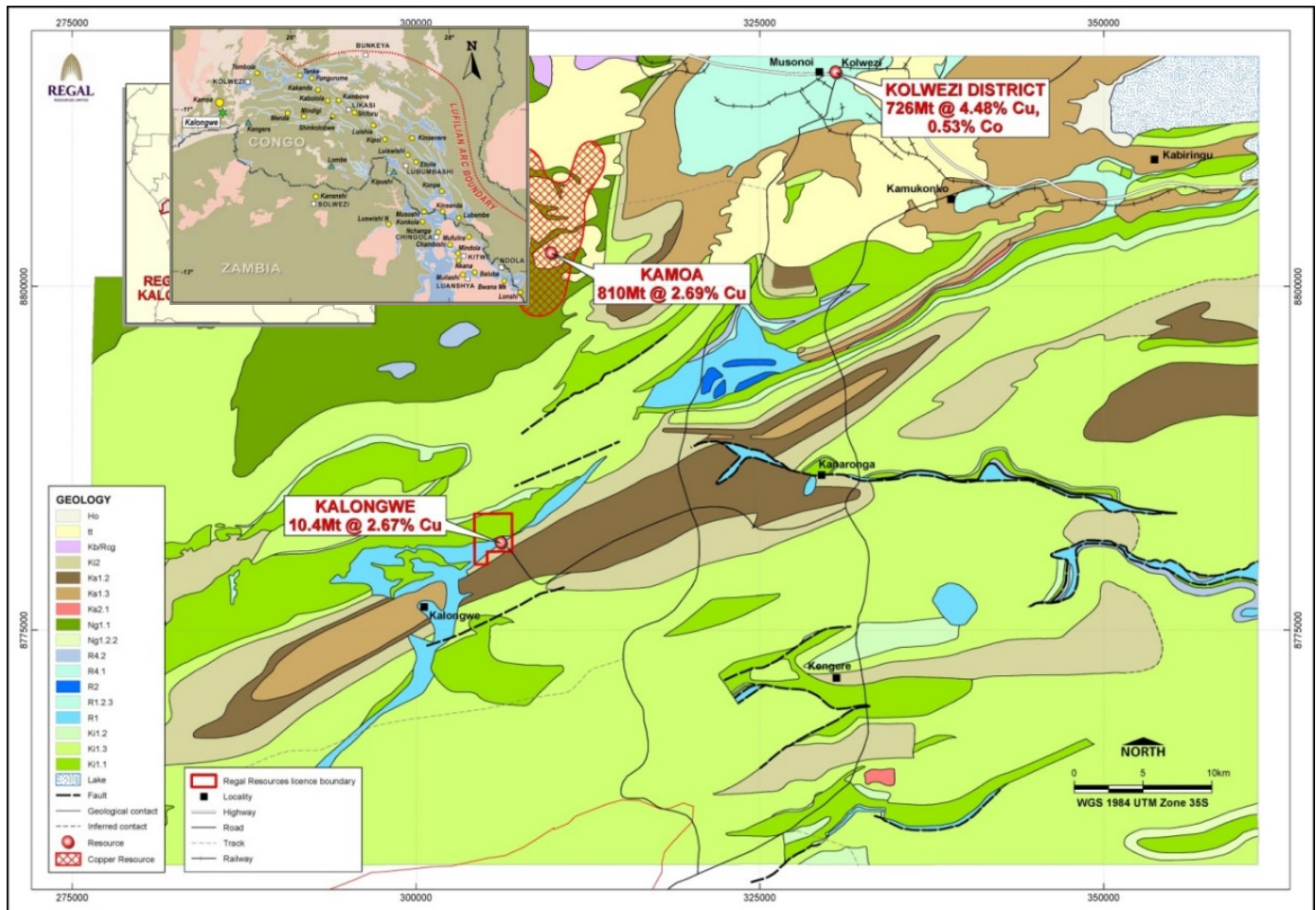
The Kalongwe deposit is the Company's flagship Project. It is located in the Katanga Province of the DRC and is situated towards the western end of the world-class Central African Copperbelt (Figure 1). It hosts a near-surface oxide JORC resource of 302,000t contained copper and 42,000t contained cobalt (See Appendix 1 and ASX: RER, 5 February 2015 for further details).

### Update

Subsequent to the quarter end, Regal announced the details of a fully underwritten non-renounceable entitlements offer (see ASX announcement on 4 July 2016) which closes on 4 August 2016. **Following closure, the Company plans to immediately commence field exploration including drilling.**

As part of the transactions announced on 20 April 2016 and in accordance with the DRC Mining Code, the joint venture partners progressed completion of the transfer of 5% of the share capital of KMSA to the DRC Government. Subsequent to the quarter, Regal announced completion of the transactions with Regal now holding 70%, GICC 25% and the DRC Government 5%.





**Figure 1: Map of the western Congolese part of the African Copperbelt (CACB) and the location of the Kalongwe Project relative to principal Cu-Co deposits in the region. Inset shows location of Kalongwe in the context of the CACB.**

## Regal-Ivanhoe Joint Venture (Katanga Province, DRC)

### Overview

The Company has entered into a JV agreement with Ivanhoe Mines Ltd (TSX:IVN, "Ivanhoe") to acquire up to a 98% interest in a package of five highly prospective tenements, covering an area of approximately 350 sq. km., located adjacent to the Kalongwe Project in the Central African Copperbelt, Katanga Province, DRC, (Figure 2), (ASX: RER, 22 April 2015).

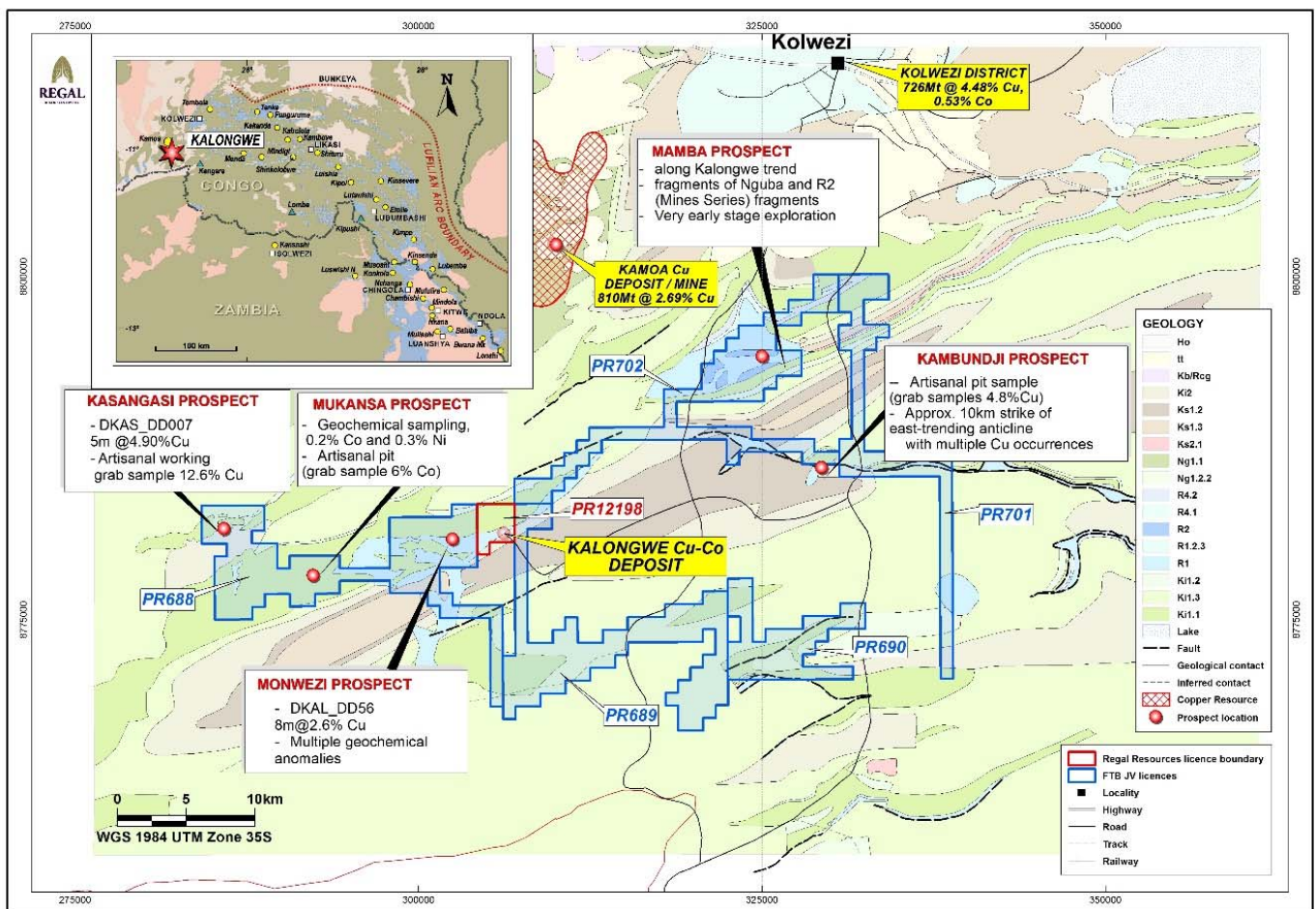
The JV area contains regional scale anticlinal folds, faults and thrust structures. These are considered to offer high-quality exploration targets as they can present windows onto the mineralised rocks of the Lower Roan Mine Series (Figure 2).

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## Update

During the quarter, Regal made a US\$150,000 payment to Ivanhoe under the memorandum of understanding ("Subsequent Signing Fee") with the First Earn-In required by July 2019. **Consistent with plans for the Kalongwe Project, following closure of the entitlements offer, the Company plans to immediately commence field exploration including drilling.**



**Figure 2: Location map of the FTBJV licences, significant copper deposits and regional towns and delineated exploration targets within the FTBJV area.**

**For further information, please contact:**

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## Competent Persons Statements

Scientific or technical information in this release that relates to Exploration Results has been prepared by Mr David Young and Dr Simon Dorling, the Company's Managing and Technical Directors during the relevant quarter. Mr David Young is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and Dr Simon Dorling is a member of the Australasian Institute of Geoscientists (MAIG) and both have sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr David Young and Dr Simon Dorling consent to the inclusion in this report of the information, in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. David Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document relating to the Kalongwe Cu-Co Deposit Resource estimate is extracted from the Company's ASX announcement entitled '*Upgraded JORC Resource at Kalongwe 302,000t Copper and 42,700t Cobalt*' dated 5 February 2015 and is available to view on [www.regalresources.com.au](http://www.regalresources.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that, in the case of Mineral Resources or Ore Reserves, all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Assumptions on the metallurgical test work program and interpretation are provided by Mr Graeme Miller. Mr Miller is a Director of Miller Metallurgical Services Pty Ltd, (Brisbane, Australia), and is a Fellow of the AusIMM CP. Mr Miller has sufficient relevant experience to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Mr Miller has consented to the inclusion of this information in the document in the form and context in which it appears.

Under the JORC Code (2012), Clause 9, consent has been sought and obtained, where applicable, from the Competent Persons listed above for any initial public release of information related to this report.

## APPENDIX 1 – KALONGWE CU-CO PROJECT MINERAL RESOURCE ESTIMATE

*As per ASX Announcement 5 February 2015:*

Weathering profile	Domain	Measured	Indicated	Inferred	Total Tonnage (Mt)	Ave. Cu (%)	Ave. Co (%)	Tonnes Cu	Tonnes Co
<b>Oxide</b>	Cu Only <sup>1</sup>	1.24Mt @ 3.35% Cu	2.45Mt @ 2.27% Cu	1.24Mt @ 1.60% Cu	4.94	2.37	-	117,200	-
	Mixed <sup>3</sup>	2.07Mt @ 3.76% Cu	1.67 Mt @ 2.72% Cu	0.35Mt @ 1.98% Cu	4.08	3.19	0.66	130,000	26,800
<b>Primary</b>	Cu Only <sup>1</sup>	-	1.20 Mt @ 2.65% Cu	0.41Mt @ 1.63% Cu	1.61	2.39	-	38,400	-
	Mixed <sup>3</sup>	-	0.51 Mt @ 3.06% Cu	0.03Mt @ 2.22% Cu	0.54	3.02	0.52	16,400	2,800
	<b>Total Cu Domains</b>	<b>3.31Mt @ 3.61 % Cu</b>	<b>5.83 Mt @ 2.55 % Cu</b>	<b>2.03Mt @ 1.70% Cu</b>	<b>11.17</b>	<b>2.70</b>	<b>*0.27</b>	<b>302,000</b>	<b>29,700</b>
<b>Oxide</b>	Co Only <sup>2</sup>	0.37Mt @ 0.66% Co	1.34Mt @ 0.59% Co	0.38Mt @ 0.43% Co	2.09	-	0.57	-	11,900
<b>Primary</b>	Co Only <sup>2</sup>	-	0.18Mt @ 0.53% Co	0.02Mt @ 0.43% Co	0.2	-	0.52	-	1,000
	<b>Total Co Domains</b>	<b>1.24Mt @ 3.35% Cu</b>	<b>2.45 Mt @ 2.27% Cu</b>	<b>1.24Mt @ 1.60% Cu</b>	<b>2.29</b>	<b>-</b>	<b>0.57</b>	<b>-</b>	<b>13,000</b>

**Notes:**

1. The Cu only domains were reported by selecting blocks with Cu >= 0.5%.
2. The Co only domains were reported by selecting blocks with Co >= 0.2%.
3. The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu >= 0.5%. The Co grade from these blocks was also reported.
4. \*It is assumed for the purposes of this Mineral Resource that Cu grades in the Co only domains, and Co grades in the Cu only domains are 0%, although low grade mineralisation was recorded in sample assays. Therefore the reported Cu% and Co% grades are diluted, where they are reported in the other domains.

## APPENDIX 2 – INTERESTS IN TENEMENTS

<b>Project/ tenements</b>	<b>Location</b>	<b>Held at end of quarter</b>	<b>Acquired during the quarter</b>	<b>Disposed during the quarter</b>
Kalongwe Project: PR12198	Democratic Republic of Congo	30%*	-	-

\* As per the ASX announcement on 7 July 2016, as of 7 July 2016, Regal's holding in Kalongwe Project: PR12198 is 70%.