

3 June 2016

ASX Code: **RER**

SCOPING STUDY UPDATE

Regal Resources Limited (ASX: RER) (**Company**) refers to its announcement to the Australian Securities Exchange (**ASX**) on 21 April 2015 (**Scoping Study Announcement**).

The Scoping Study Announcement includes a number of 'forward-looking statements' regarding:

- production targets for the Kalongwe Project;
- forecast financial information; and
- an income-based discounted cash flow valuation,

(together, **Forecasts**).

The Forecasts have been repeated in announcements released by the Company on the following dates: 19 January 2016, 18 December 2015 (two announcements), 26 November 2015, 30 October 2015, 29 October 2015, 1 October 2015, 3 August 2015, 31 July 2015, 16 June 2015, 10 June 2015, 28 May 2015, 13 May 2015, and 30 April 2015 (**Subsequent Announcements**).

The Australian Securities and Investments Commission (**ASIC**) has recently released Information Sheet 214, which concerns forward-looking statements by mining and resource companies (**INFO 214**). INFO 214 provides a consolidated overview of the various regulatory requirements that should be considered when making forward-looking statements, and provides further guidance as to what ASIC considers constitutes 'reasonable grounds' for making forward-looking statements.

One of the matters addressed in INFO 214 is that forward-looking statements in the nature of the Forecasts should only be made if the entity has reasonable grounds for concluding that funding will become available to the entity as and when required by the project's development or production schedules.

Additional funding will be required for the Kalongwe Project to bring it to the production stage. The Company is presently evaluating funding alternatives for project development and will continue to do so once an ore reserve has been estimated. There is currently no certainty of this funding being available to the Company.

Investors are advised that, as there is no certainty that sufficient project development funding will be secured for the Kalongwe Project, the economic viability of the project has not been established, notwithstanding the encouraging results of the scoping study. In light of INFO 214, current market practice and the Company's concerns that investors may imply that economic viability has been established for the Kalongwe Project, the Company retracts the Forecasts from the Scoping Study

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Announcement and the Subsequent Announcements and cautions investors against using the Forecasts as a basis for investment decisions about shares in the Company.

The Board confirms that the results of the scoping study were positive and that the results justify the Company committing to the next stage of exploration and development by progressing through to the Definitive Feasibility Study. As announced by the Company on 20 April 2016, the Company intends on undertaking a capital raising by way of a rights issue shortly, to raise funds to, amongst other things, complete the Definitive Feasibility Study.

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