

# MEDIA / ASX RELEASE



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16<sup>th</sup> October 2014

## SHARE PLACEMENT TO RAISE \$2 MILLION

### HIGHLIGHTS

Regal Resources has signed a commitment with an affiliate of Toronto-based Sprott Inc. ("**Sprott**"; TSX: SII) to raise AUD 2M via a share placement at 5c per share with accompanying one for one option exercisable at 8c within three years, subject to Regal's right to accelerate the expiry.

- Sprott is a leading North American asset management firm with a track record of identifying and supporting emerging resource companies. Sprott's commitment provides an additional market endorsement for Regal's Kalongwe Copper/Cobalt Project located in the Katanga Province of the Democratic Republic of Congo ("**Kalongwe**").
- Funds from the placement are principally intended to advance development of Kalongwe through completion of Phase II drilling, payment of the final instalment to GICC for Regal's 30% interest in Kalongwe Mining SA and to complete Phase II Scoping Studies.
- The Company is in advanced negotiations with Traxys Europe SA ("**Traxys**") to acquire its 30% interest in Kalongwe. This transaction would increase Regal's interest in Kalongwe from 30% to 60% and result in Traxys becoming a significant shareholder in Regal.

The Directors of Regal Resources Ltd (**ASX: RER**) ("**Regal**" or "**the Company**") are pleased to announce the signing of a commitment with an affiliate of Sprott Inc. ("**Sprott**"; TSX: SII) respecting a share placement of up to AUD 2M in Regal ordinary shares at 5c per share ("**Placement Shares**"). For each Placement Share issued, the Company will also issue one free attaching unquoted option exercisable at 8c per share each for three years ("**Placement Options**"). The placement will be offered to accredited

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investors (as that term is used in United States securities laws), including accounts managed by the Sprott affiliate.

The Placement Options will have a feature (exercisable on 20 days trading notice) whereby Regal can accelerate the expiry date if its share price closes above 10c for ten consecutive trading days. The Placement Options, if exercised, have the potential to raise a further AUD 3.2M.

The funds raised from the share placement are intended to be used to fund the final tranche of the acquisition payment due to GICC for Regal's 30% interest in Kalongwe Mining SA, completion of the Phase II drilling programme and Scoping Studies on Kalongwe, for general working capital costs and to secure potential new projects.

The issue of the Placement Shares and the Placement Options will, if fully subscribed, occur in the following two tranches:

*Table 1: Details of Placement*

Tranche	Placement Shares	Placement Options	Total amount
Tranche 1	18,900,000	18,900,000	\$945,000
Tranche 2	21,100,000	21,100,000	\$1,055,000
<b>Total</b>	<b>40,000,000</b>	<b>40,000,000</b>	<b>\$2,000,000</b>

The Company will issue the Placement Shares and Placement Options comprising Tranche 1 utilising its existing placement capacity under ASX Listing Rules 7.1 and 7.1A. The issue of the Placement Shares and Placement Options comprising Tranche 2 is subject to the receipt of shareholder approval at the Company's upcoming Annual General Meeting.

Placement Shares issued under Tranche 1 are expected to be settled by October 24<sup>th</sup> and Placement Shares issued under Tranche 2 by November 28<sup>th</sup>.

The Directors of Regal are also very pleased to advise that the Company is in advanced negotiations with Traxys, one of Regal's partners in the Kalongwe Mining JV to acquire Traxys' 30% interest in the Kalongwe Copper/Cobalt Project.

This transaction would increase Regal's interest in Kalongwe from 30% to 60% and result in Traxys becoming a significant shareholder in Regal.

Traxys is a major metals and natural resources marketing, distribution, supply chain management and trading firm with over 300 employees worldwide, over 20 global offices, and has become a global leader in financing, marketing, distribution and financial services for the mining, metals and minerals industries. It had an annual turnover in excess of USD 6 Billion, in 2013.

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A handwritten signature in blue ink, appearing to read "D Young", on a light blue background.

**On behalf of the Board of Directors,**

**David Young**  
**Managing Director**

## **Cautionary Statements**

While the term sheet with Sprott is legally binding it is subject to a number of conditions, including among other things completion of legal due diligence by November 28<sup>th</sup> and the agreement includes industry standard termination provisions such as disaster out and material adverse change out

Although the Company is in advanced negotiations with Traxys, Regal cautions investors that there is no certainty that an agreement will be reached and that it is announcing these negotiations at this time in the interests of ensuring that the market is fully informed. In addition, in the event that an agreement is reached, completion of the agreement would be subject to a number of conditions precedent and there is no certainty that the transaction would complete. The Company will provide an update to the market when possible.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws, or an exemption from such registration is available.