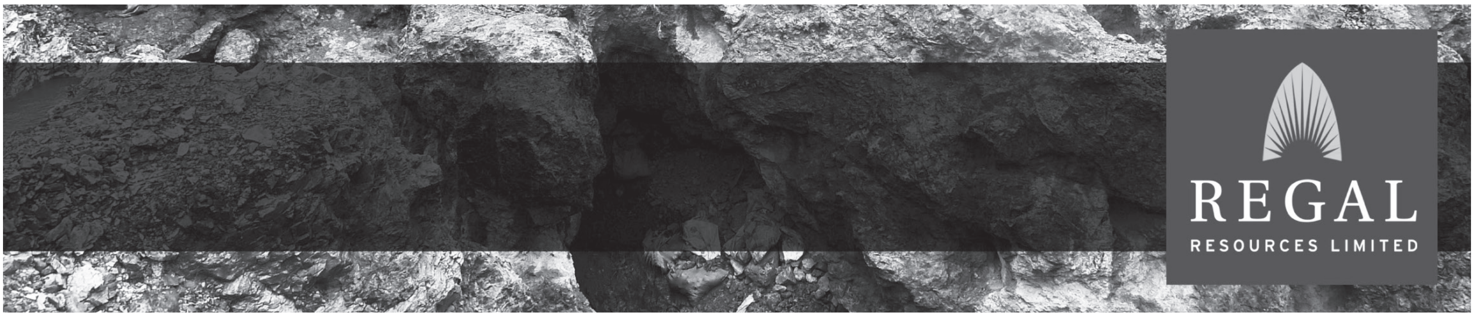

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NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

The General Meeting of the Company will be held at the offices of BDO at 38 Station St, Subiaco, Western Australia on Thursday, 30 June 2016 at 10:30am (WST).

The Directors recommend that you vote in favour of all Resolutions at this Meeting.

The Independent Expert has determined that the acquisitions of Shares in connection with the transactions outlined in this Notice of Meeting is not fair but reasonable to the non-associated Shareholders.

The Notice of General Meeting and accompanying Independent Expert's Report should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9288 4485.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

OVERVIEW

REGAL RESOURCES LIMITED

Dear Regal Resources Limited Shareholder

The Board of Directors of Regal Resources Limited (**Company**) is pleased to invite you to a general meeting of the Company to be held on Thursday, 30 June 2016 at the offices of BDO at 38 Station St, Subiaco, Western Australia, and to present this Notice of Meeting to you.

An overview of the key transactions to be considered at the Meeting is below. Comprehensive information regarding each of the transactions is detailed in the Notice of Meeting, Explanatory Memorandum and the Independent Expert's Report included at Annexure A. The Board of Directors encourages you to read the Notice of Meeting, Explanatory Memorandum and Independent Expert's Report in full.

Capitalised terms used below which are not expressly defined have the meaning given in Schedule 1.

Background	
Kalongwe Project	The Kalongwe Project is an exciting prospect which the Directors believe can be readily progressed to the definitive feasibility study (**DFS**) stage. The Company has suffered delays in completing the DFS to date, due largely to: • delays in achieving a structure whereby the Company holds an interest of more than 50% of the Kalongwe Project and clear control of the Kalongwe Project; • an inability to obtain the necessary level of funding to implement the DFS until the above structural issues were resolved, and the Company resolved historical issues, principally relating to the former Regal SK Joint Venture and the funding provided by Afrimines; and • challenging market conditions both for copper and the raising of equity for exploration.
Convertible Loan Debt	The Company has received ongoing support through equity and secured convertible debt funding from Ndovu Capital VI B.V. (**Ndovu**), an affiliate of Tembo Capital Mining Fund Group, and Exploration Capital Partners 2005 Limited Partnership (**ECP**), an affiliate of Toronto-based Sprott, Inc. As at the date of this Notice, the Company owes an aggregate of $3,682,577 plus interest pursuant to its secured convertible loan agreement with ECP and Ndovu.
Afrimines & Regal SK	In December 2010, the Company agreed to form a joint venture with Afrimines for the South Kivu Gold Project (**Joint Venture**). As previously announced, the Company has formally terminated its involvement in the Joint Venture. During the term of the Joint Venture, Afrimines provided an aggregate investment of US$12 million to the Joint Venture. The Company managed the Joint Venture and the expenditure of the funds invested by Afrimines. Afrimines also advanced a US$500,000 loan to the Company as partial funding for the Company's pas de porte (entry fee) in connection the Kalongwe Project. This loan remains to be repaid. The Company was required to pay 'Initial Consideration' and 'Deferred Consideration' to Afrimines in consideration for the acquisition of its initial 70% interest in the Joint Venture. While the Initial Consideration was provided in June 2011, the Deferred Consideration has not been provided.

	The Company is hindered from progressing with the Kalongwe Project (or any other projects) until its potential liabilities with respect to Afrimines and Regal SK as outlined above, are settled.
Proposed Transactions	
Background	The Company has announced a number of transactions (together, **Transactions**) intended to address the above concerns, and provide a future for the Company. The Transactions provide for: • the Company to increase its shareholding in Kalongwe to 70%, through the acquisition of 100% of Traxys' interest in Kalongwe, and an additional 13% interest in Kalongwe from GICC; • the issue of Shares to Ndovu to fund the acquisitions from Traxys and GICC; • the settlement and release of the Company's potential liabilities to Afrimines and Regal SK by the issue of Shares and a cash payment; • the elimination of all debt on the Company's balance sheet through the conversion of the convertible loan with Ndovu and ECP upon completion of the Transactions outlined above; and • the implementation of an underwritten rights issue to raise approximately US$7 million, to fund completion of the DFS, undertake exploration pursuant to the Company's earn-in agreement with Ivanhoe Mines Ltd, pay the cash portion of the settlement payment to Afrimines, and provide working capital. Each of the Transactions are "Inter-Conditional", except for the acquisition from GICC. If for any reason the agreement with GICC is not completed, the other Transactions will not be affected.
Shareholder approval	The Company is seeking Shareholder approval in relation to the Transactions for, amongst other things, the issue of Shares to Ndovu which will result in it obtaining a voting power in the Company of over 20%, and the issues of Shares to ECP, Traxys, GICC and Afrimines in connection with the Transactions. The Company is also seeking Shareholder approval for the ratification of previous Share issues, the issue of Shares to a consultant involved in the negotiation of the Transactions, the issue of Shares to a proposed new Director and Chief Executive Officer, and the adoption of a new employee share option plan.
Key advantages of the Transactions	• Majority interest in Kalongwe – ability to secure funding. • Supportive major shareholder in Ndovu. • Security of funding for DFS, exploration and working capital. • Settlement and release of potential claims from Afrimines and Regal SK. • Cash received as a part of the Transactions strengthens the balance sheet. • Conversion of the convertible loan and release of security. • Shareholders ability to reduce Ndovu's voting power by participating in the Rights Issue. • Securing the services of experienced Chief Executive Officer. *Refer to Section 8.3 of the Explanatory Memorandum for further detail.*
Key disadvantages of the Transactions	• You disagree with the Directors' recommendation, and the conclusion of the independent expert that the Transactions are "not fair, but reasonable", in the absence of a superior proposal emerging. • You believe there is a possibility of a superior proposal emerging that offers greater value to yourself and other Shareholders.

<table>
<tr><td></td><td colspan="3">

- Ndovu will obtain a significant voting power in the Company as a result of the transactions. Ndovu also has two representatives currently on the board of Directors. You may disagree that the benefits of the Transactions are sufficient to justify the level of control of the Company which may be held by Ndovu as a consequence of the Transactions.
- You may consider that the potential risks of the Transactions outweigh the potential benefits.

Refer to Section 8.4 of the Explanatory Memorandum for further detail.</td></tr>
<tr><td>Key risks of the transactions</td><td colspan="3">The risks that currently apply to the Company in respect of the Kalongwe Project will apply to the increased interest in Kalongwe intended to be acquired by the Company. These risks are described in Section 8.5 to 8.9 (inclusive).

The key additional risks for the Company as a result of the Transactions are:

- **Completion risk:** the Transactions involve five unrelated counterparties and six separate (although related) agreements. If any of the conditions precedent in these agreements are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Transactions may be deferred or not occur. Failure to complete the Transactions may have a material adverse effect on the Company's financial position and its Share price.
- **Substantial shareholder risk:** Ndovu will obtain a significant voting power as a result of the Transactions. There is a risk that investors will discount the Company’s Shares as a result of the level of control of Ndovu and the decreased likelihood of a third party making a takeover bid for the Company.</td></tr>
<tr><td>Directors recommendation</td><td colspan="3">The Directors recommend you vote in favour of all of the Resolutions, in the absence of a superior proposal.</td></tr>
<tr><td>Independent Expert</td><td colspan="3">BDO was appointed to prepare an independent expert’s report opining as to whether the issue of Securities to Ndovu is fair and reasonable to the existing Shareholders.

The Independent Expert has determined that the proposed issue of Securities to Ndovu is not fair but reasonable to the non-associated Shareholders. The Company strongly recommends that you read the Independent Expert's Report in full.</td></tr>
<tr><td colspan="4">Capital structure of the Company</td></tr>
<tr><td rowspan="4">Voting power</td><td colspan="3">The <u>maximum potential</u> voting power of Ndovu as a result of the Transactions is summarised below, and set out in detail in Schedule 3 and Schedule 4.</td></tr>
<tr><td colspan="2">At completion of the Transactions</td><td>54.38%</td></tr>
<tr><td colspan="2">At completion of the Rights Issue - <u>assumes no Shareholders other than Ndovu participate</u></td><td>68.03%</td></tr>
<tr><td colspan="3">The above table assumes all Transactions (including the GICC transaction) completes, no Options are exercised and no Shares are issued other than as contemplated by the Transactions.</td></tr>
<tr><td rowspan="4">Indicative capital structure</td><td colspan="3">The indicative capital structure on completion of the Transactions is summarised below, and detailed in Schedule 2:</td></tr>
<tr><td></td><td>Shares</td><td>Options</td></tr>
<tr><td>Currently on issue</td><td>223,459,096</td><td>86,000,000</td></tr>
<tr><td>Completion of Transactions</td><td>2,859,726,589</td><td>116,000,000</td></tr>
</table>

REGAL RESOURCES LIMITED

ACN 106 294 106

NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Regal Resources Limited (**Company**) will be held at the offices of BDO at 38 Station St, Subiaco, Western Australia on Thursday, 30 June 2016 at 10:30am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 28 June 2016 at 10:30am (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 - Approval to issue Convertible Loan Securities to Ndovu

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 279,993,677 Shares and 30,000,000 Options (and the exercise of such Options into 30,000,000 Shares) to Ndovu (or its nominees) pursuant to the Convertible Loan Agreement, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Ndovu (or its nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval to issue Convertible Loan Shares to ECP

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 105,848,182 Shares to ECP (or its nominees) pursuant to the Convertible Loan Agreement on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by ECP (or its nominees) or Ndovu and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 – Approval to issue Subscription Shares to Ndovu

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to and conditional on the passing of each of the other Inter-Conditional Resolutions, pursuant to and in accordance with item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 697,412,077 Shares to Ndovu (or its nominees) pursuant to the Subscription Agreement, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Ndovu (or its nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 - Approval to issue Traxys Share Consideration

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to and conditional on the passing of each of the other Inter-Conditional Resolutions, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 199,071,002 Shares to Traxys (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Traxys, Ndovu or ECP (or their respective nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 – Approval to issue GICC Share Consideration

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to and conditional on the passing of each of the Inter-Conditional Resolutions, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 166,556,072 Shares to GICC (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by GICC, Ndovu or ECP (or their respective nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 - Approval to issue Afrimines Share Consideration

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to and conditional on the passing of each of the other Inter-Conditional Resolutions, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 159,256,802 Shares to Afrimines (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Afrimines, Ndovu or ECP (or their respective nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Approval of issue of Shares to Consultant

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 20,000,000 Shares to the Company's consultant, Bankes Holdings Limited(or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by *Bankes Holdings Limited* (or its nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 8 - Approval for the Company to acquire Relevant Interest in Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to and conditional on the passing of each of the Inter-Conditional Resolutions, pursuant to and in accordance with item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the acquisition by the Company of a Relevant Interest in up to 537,491,706 Shares as a result of the voluntary escrow arrangements under the Traxys Sale Agreement and the Settlement Agreement, on the terms and conditions in the Explanatory Memorandum.

9. Resolution 9 – Approval to issue Underwritten Shares to Ndovu

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, subject to and conditional on the passing of each of the other Inter-Conditional Resolutions, pursuant to and in accordance with item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 938,380,252 Shares to Ndovu (or its nominees) pursuant to the Underwriting Agreement, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Ndovu (or its nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Resolution 10 – Ratification of prior issue of Establishment Fee Shares to Ndovu

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,656,495 Shares to Ndovu on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Ndovu and any of its associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. Resolution 11 – Ratification of prior issue of Establishment Fee Shares to ECP

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 857,143 Shares to ECP on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by ECP and any of its associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. Resolution 12 – Approval for exercise of Existing Ndovu Options

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 24,000,000 Shares to Ndovu (or its nominees) on exercise of the Existing Ndovu Options on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Ndovu (or its nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

13. Resolution 13 – Approval of Employee Share Option Plan

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 7.2 exception 9(b) and for all other purposes, Shareholders approve the adoption of the option incentive scheme of

the Company known as the "Regal Resources Employee Share Option Plan" and the issue of Securities under that plan, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any of their respective associates.

However, the Company need not disregard a vote if:

(a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. Resolution 14 – Approval of issue of Shares to Proposed Director

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 69,749,429 Shares to Mr Mark Arnesen (or his nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Mark Arnesen (or his nominees) and any of their associates.

However, the Company will not disregard a vote if:

(a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

(b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

BY ORDER OF THE BOARD

Patrick Holywell
Company Secretary
Dated: 30 May 2016

REGAL RESOURCES LIMITED

A C N 1 0 6 2 9 4 1 0 6

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 38 Station St, Subiaco, Western Australia on Thursday, 30 June 2016 at 10:30am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1	Introduction
Section 2	Action to be taken by Shareholders
Section 3	Background to the Transactions
Section 4	Background to Ndovu and ECP transactions
Section 5	Background to the Traxys transaction
Section 6	Background to the GICC transaction
Section 7	Background to the Afrimines transaction
Section 8	Advantages, disadvantages and risks of the Transactions
Section 9	Resolutions 1, 3, 9, and 12 – Approval to issue Ndovu Securities
Section 10	Resolution 2 – Approval to issue Convertible Loan Shares to ECP
Section 11	Resolution 4 – Approval to issue Traxys Share Consideration
Section 12	Resolution 5 – Approval to issue GICC Share Consideration
Section 13	Resolution 6 – Approval to issue Afrimines Share Consideration
Section 14	Resolution 7 – Approval of issue of Shares to Consultant
Section 15	Resolution 8 – Approval for the Company to acquire Relevant Interest in Shares
Section 16	Resolutions 10 and 11 - Ratification of prior issue of Establishment

	Fee Shares
Section 17	Resolution 13 – Approval of Employee Share Option Plan
Section 18	Resolution 14 – Approval of issue of Shares to Proposed Director
Schedule 1	Definitions
Schedule 2	Indicative Capital Structure
Schedule 3	Impact of Transactions on Ndovu's Voting Power at Transaction Completion
Schedule 4	Impact of Transactions on Ndovu's Voting Power at Completion of Rights Issue
Schedule 5	Material Terms of the Convertible Loan Agreement
Schedule 6	Material Terms of the Subscription Agreement
Schedule 7	Material Terms of the Underwriting Agreement
Schedule 8	Terms and Conditions of Existing Ndovu Options and Convertible Loan Options
Schedule 9	Summary of Employee Share Option Plan
Annexure A	Independent Expert's Report

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

(a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

(b) a proxy need not be a member of the Company; and

(c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

The Chairman intends to exercise all available proxies in favour of all Resolutions.

3. Background to the Transactions

3.1 Background

Kalongwe Mining S.A. (**Kalongwe**) is currently held by the following shareholders:

(a) Regal: 30%;

(b) Traxys Group: 30%; and

(c) GICC: 40%.

As announced by the Company on 26 February 2016, the shareholders of Kalongwe are in the process of completing the transfer of 5% of the share capital of Kalongwe to the DRC Government (as a free-carried interest), which will result in the respective shareholdings of Kalongwe being as follows:

(a) Regal: 28.5%;

(b) Traxys Group: 28.5%;

(c) GICC: 38%; and

(d) DRC Government: 5%

3.2 Transaction Documents

On 20 April 2016, the Company announced that it had entered into the following agreements (together, **Transaction Documents**):

(a) an agreement with Traxys pursuant to which the Company agreed to acquire 100% of Traxys Group's ownership interest in Kalongwe (**Traxys Sale Agreement)**;

(b) an agreement with GICC pursuant to which the Company agreed to acquire an additional 13% interest in Kalongwe from GICC (**GICC Sale Agreement**);

(c) a subscription agreement with Ndovu, to fund the cash portion of the consideration payable to Traxys under the Traxys Sale Agreement and to GICC under the GICC Sale Agreement (**Subscription Agreement**);

(d) an amendment to the Company's existing Convertible Loan Agreement with Ndovu and ECP pursuant to which, amongst other things, Ndovu would provide an additional $1.1 million by way of a bridge loan to fund the Company through to completion of the other transactions summarised above and below, and the parties agreed that in certain circumstances the Loan (plus interest) would be automatically converted into Shares (**Convertible Loan Agreement**);

(e) an agreement with Ndovu for Ndovu to underwrite a rights issue proposed to be undertaken by the Company to raise approximately US$7 million (**Underwriting Agreement**); and

(f) a deed of settlement and release with Afrimines in respect of the former joint venture conducted between the Company and Afrimines (**Settlement Agreement**).

Completion of each of the transactions pursuant to the Transaction Documents (together, **Transactions**) remains subject to the satisfaction or waiver of conditions precedent, which are summarised in the following Sections.

Regal is also in the process of incorporating a wholly owned subsidiary which will hold its interest in Kalongwe (**Regal SPV**).

Upon completion of the above transactions and the transfer of share capital to the DRC Government, the shareholdings of Kalongwe will be as follows:

(a) Regal SPV: 70%;

(b) GICC: 25%; and

(c) DRC Government: 5%.

3.3 Inter-Conditional Transactions

The transactions pursuant to the Traxys Sale Agreement, Subscription Agreement, Convertible Loan Agreement, Underwriting Agreement and Settlement Agreement (together, **Inter-Conditional Transactions**) are Inter-Conditional, meaning that each of them will only be completed if all of them are completed.

While completion under the GICC Sale Agreement is conditional on completion occurring under the Traxys Sale Agreement (and thereby conditional on completion of each of the other Transaction Documents), completion of the GICC Sale Agreement is not a condition precedent of each of the Transaction Documents. Accordingly, should the GICC Sale Agreement be terminated and not complete for any reason, the other Transaction Documents would remain in force.

Accordingly, if any of the Inter-Conditional Resolutions are not approved by the requisite majority of Shareholders, none of the Transactions will be completed.

4. Background to Ndovu and ECP transactions

4.1 About Ndovu

Ndovu Capital VI B.V. (**Ndovu**), an affiliate of the Tembo Capital Fund Group, forms part of a mining private equity fund group, which specialises in Africa and emerging markets. Ndovu invests in African and emerging market focused resource companies over a medium to long-term investment horizon. Ndovu has a strong, technically-orientated team of experienced private equity investment and mining finance professionals, with long histories of association with Africa and other emerging markets.

4.2 About ECP

Exploration Capital Partners 2005 Limited Partnership (**ECP**), an affiliate of Toronto-based Sprott, Inc., is a leading North American asset management firm with a track record of identifying and supporting emerging resource companies.

4.3 Convertible Loan Agreement

The Company announced on 28 May 2015 that it had entered into an agreement to secure $1.5 million of funding (before costs) by way of a convertible loan from Ndovu (**Convertible Loan Agreement**).

On 18 December 2015, the Company announced that parties had agreed to amend and restate the Convertible Loan Agreement pursuant to which:

(a) ECP was included as a lender, and provided a further $1 million of funding (before costs);

(b) the repayment date for the Convertible Loan Agreement was extended for 6 months, to 18 June 2016; and

(c) Ndovu and ECP were granted security over the Company's assets pursuant to the terms of a general security deed. The Company also agreed to provide Ndovu and ECP with specific security over its shares in Kalongwe, and intercompany loan receivables owing by Kalongwe.

On 20 April 2016, the Company announced that the parties had agreed to a second amendment and restatement of the Convertible Loan Agreement pursuant to which:

(a) Ndovu provided a further $1.1 million of funding (before costs) (**Bridge Loan**) to ensure the Company has sufficient funding to progress the other Transactions to completion;

(b) a non-refundable establishment fee of 3% of the Bridge Loan became payable to Ndovu (which was subsequently satisfied on 2 May 2016 by the issue of 3,300,000 Shares at a deemed issue price of $0.01 per Share (the subject of Resolution 10);

(c) upon the satisfaction or waiver of each of the conditions precedent to the other Inter-Conditional Transactions, the Loan (plus interest) is to automatically be converted into Shares; and

(d) the conversion price of the Loan (plus interest) (provided that conversion occurs as part of Transaction Completion) is reduced from $0.035 per Share to $0.01 per Share.

The repayment date for the Loan (plus interest) has been extended from 18 June 2016 to 18 September 2016. However, if the Shareholder approval of the Inter-Conditional Resolutions is not obtained at this Meeting, Ndovu or ECP may give notice to the Company that Ndovu/ECP (as applicable) requires repayment of the Loan (plus interest) within 10 business days of the date of the notice.

The Bridge Loan was advanced to the Company on 2 May 2016.

Funds provided pursuant to the Bridge Loan are to be used for working capital costs and ensures the Company has sufficient funding until completion of the Rights Issue.

The Convertible Loan Agreement provides that, subject to Shareholder approval, the Loan (plus interest) may be converted into Shares in one of two ways:

(a) automatically, as part of Transaction Completion at a conversion price of $0.01 per Share; or

(b) at the election of Ndovu/ECP (as applicable), at a conversion price of $0.035 per Share.

Accordingly, the number of Shares to be issued to Ndovu/ECP (as applicable) upon conversion of the Loan (plus interest) will depend upon the nature of the conversion.

For the purposes of this Explanatory Memorandum, it is assumed that the conversion of the Loan (plus interest) will occur as part of completion of the Inter-Conditional Transactions for the following reasons:

(a) as a matter of fulsome disclosure as to the potential dilution to existing Shareholders, since a greater number of Shares will be issued to Ndovu/ECP (as applicable) if the conversion occurs as part of completion of the Inter-Conditional Transactions; and

(b) in the context of the proposed issue price of the Shares under the Rights Issue and the other Transactions of $0.01, it is unlikely that either Ndovu or ECP would elect to convert the Loan at a price of $0.035.

The potential impact of the Convertible Loan Agreement on the Company's capital structure is set out in Schedule 2.

The material terms of the Convertible Loan Agreement (as amended) are set out in Schedule 5.

Shareholder approval for the issue of Securities pursuant to the Convertible Loan Agreement is the subject of Resolutions 1 and 2. Shareholder approval for the ratification of Establishment Fee Shares issued pursuant to the Convertible Loan Agreement is the subject of Resolutions 10 and 11.

4.4 Subscription Agreement

Pursuant to the Subscription Agreement, the Company agreed to issue up to 697,412,077 Shares to Ndovu (**Subscription Shares**), to raise US$5.255 million (before costs) (based on a calculation of US$5.255 million worth of Shares at a deemed issue price of $0.01 at the Exchange Rate).

The funds raised by the issue of the Subscription Shares will be used to fund the payment of the Traxys Cash Consideration (refer to Section 5 for further information) and the GICC Cash Consideration (refer to Section 6 for further information).

The Directors considered that a placement to Ndovu would be the most efficient and expedient method for raising the funds necessary to pay the Traxys Cash Consideration and the GICC Cash Consideration. The Rights Issue will provide other Shareholders with the ability to participate in the next phase of the Company's activities, at the same price as the placement ($0.01 per Share).

The issue of the Subscription Shares remains conditional on the satisfaction or waiver of a number of conditions precedent, including but not limited to:

(a) the satisfaction or waiver of each of the conditions precedent to the other Inter-Conditional Transactions; and

(b) the receipt of all necessary Shareholder approvals for the Subscription Agreement and the other Inter-Conditional Transactions, by no later than 30 June 2016 (or such other date as may be agreed by the parties).

The conditions precedent must be satisfied on or before 14 July 2016.

It is intended that the remaining conditions precedent will be satisfied by the time of the receipt of the Shareholder approvals sought at this Meeting and the lodgement of the Prospectus by the Company shortly after the Meeting.

While completion of the Subscription Agreement is conditional on, amongst other things, completion occurring under the Traxys Sale Agreement, completion of the Subscription Agreement is not conditional on completion occurring under the GICC Sale Agreement. If for any reason the GICC Sale Agreement is terminated prior to completion, the number of Shares to be subscribed for by Ndovu under the Subscription Agreement will be reduced to 530,856,005 ($5,308,560), since the Company will no longer need to fund the GICC Cash Consideration.

The potential impact of the Subscription Agreement on the Company's capital structure is set out in Schedule 2.

The material terms of the Subscription Agreement are set out in Schedule 6.

Shareholder approval for the issue of the Subscription Shares to Ndovu is the subject of Resolution 3.

4.5 Underwriting Agreement

On 20 April 2016, the Company announced that the Board had resolved to undertake a pro rata non renounceable Rights Issue to eligible Shareholders to raise approximately US$7 million (**Rights Issue**).

The Rights Issue is proposed to be undertaken as a non-renounceable pro-rata offer of one new Share for every two Shares held on the record date to raise $9,257,985 (subject to rounding).

The funds raised pursuant to the Rights Issue are intended to be used to, amongst other things, complete a definitive feasibility study on the Kalongwe Project, undertake exploration pursuant to the Company's earn-in agreement with Ivanhoe Mines Ltd, pay the cash portion of the settlement payment under the Settlement Agreement (refer to Section 7 for further information), and for general working capital.

The Directors considered that undertaking the Rights Issue will provide all Shareholders with the ability to participate in the next phase of the Company's activities, at the same price as the Transactions ($0.01 per Share).

Ndovu agreed to conditionally underwrite the Rights Issue pursuant to the Underwriting Agreement.

Ndovu's underwriting obligations under the Underwriting Agreement remain subject to a number of conditions, including but not limited to:

(a) the satisfaction or waiver of each of the conditions precedent to the other Inter-Conditional Transactions;

(b) the receipt of all necessary Shareholder approvals for Ndovu to underwrite the Rights Issue; and

(c) the Company lodging the Prospectus for the Rights Issue with ASIC and ASX.

The conditions precedent must be satisfied on or before 14 July 2016.

It is intended that the remaining conditions precedent will be satisfied by the time of the receipt of the Shareholder approvals sought at this Meeting and the lodgement of the Prospectus by the Company shortly after the Meeting.

From the date that completion of the Inter-Conditional Transactions occurs, Ndovu will cease to have any right to terminate its obligations under the Underwriting Agreement.

The Company agreed to pay Ndovu an underwriting commission of 3% of the amount to be raised under the Rights Issue, less the amount raised by Ndovu subscribing for its entitlement as a Shareholder. This commission is to be satisfied by the issue of Shares at a deemed issue price of $0.01 per Share. The Company has also agreed to pay Ndovu's costs and expenses of and incidental to the Rights Issue.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Ndovu that are considered standard for an agreement of this type.

The potential impact of the Underwriting Agreement on the Company's capital structure is set out in Schedule 2.

The material terms of the Underwriting Agreement are set out in Schedule 7.

The Company entered into the Underwriting Agreement with Ndovu, a substantial Shareholder, rather than an independent underwriter on the basis that:

(a) the Underwriting Agreement is provided on terms which are considered more favourable to the Company than market standard terms which may be obtained from a third party;

(b) Ndovu will not benefit from the proposed use of funds raised pursuant to the Rights Issue, other than as a holder of Shares and the underwriting commission;

(c) it is the view of the Directors that the offer period for the Rights Issue will provide Shareholders with a reasonable opportunity to accept the offer; and

(d) Shareholders will be provided with the option for subscribing for shortfall shares in excess of their entitlement, on the terms and conditions to be disclosed in the Prospectus.

Shareholder approval for the issue of the Underwritten Shares (including the Shares to be issued in satisfaction of the underwriting commission) to Ndovu is the subject of Resolution 9.

4.6 Existing Ndovu Options

On 3 February 2015 the Company announced that it had signed a strategic relationship and subscription agreement with Ndovu (**Strategic Relationship and Subscription Agreement**).

Pursuant to the Strategic Relationship and Subscription Agreement, the Company issued 24,000,000 Shares at $0.05 each and 24,000,000 free-attaching Options (**Existing Ndovu Options**) to Ndovu on 12 February 2015.

The issue of the Existing Ndovu Options was ratified by Shareholders at the Company's general meeting held on 13 August 2015. As at the date of this Notice of Meeting, Ndovu has not exercised any of the Existing Ndovu Options.

The terms and conditions of the Existing Ndovu Options are set out in Schedule 8.

Following the issue of the Shares to Ndovu upon the conversion of the Loan, the Subscription Shares and Underwriting Shares, Ndovu will hold a voting power in the Company of over 20%. Accordingly, Resolution 12 seeks Shareholder approval for the exercise of the Existing Ndovu Options for the purposes of item 7 of section 611 of the Corporations Act.

The potential impact of the exercise of the Existing Ndovu Options on the Company's capital structure is set out in Schedule 2.

5. Background to the Traxys transaction

5.1 Traxys Sale Agreement

As noted in Section 3, Traxys has agreed to sell, and the Company has agreed to acquire, 100% of Traxys Group's ownership interest in Kalongwe.

5.2 Consideration

The total consideration to be provided by the Company under the Traxys Sale Agreement is comprised of the following:

(a) 199,071,002 Shares (based on a calculation of US$1.5 million worth of Shares at a deemed issue price of $0.01 at the Exchange Rate) (**Traxys Share Consideration**); and

(b) US$4 million cash (**Traxys Cash Consideration**).

The consideration will be adjusted to compensate Traxys for amounts Traxys is required to pay to Kalongwe pursuant to its pro rata funding obligations under the Kalongwe budget, from 1 January 2016 until completion (**Traxys Contribution**).

The adjustment will be either, at the election of the Company:

(a) the number of Shares issued as Traxys Share Consideration will be increased by the Traxys Contribution, minus US$100,000; or

(b) the amount of cash to be paid as the Traxys Cash Consideration being increased by the Traxys Contribution, minus US$200,000.

As at the date of this Notice, the amount paid as a Traxys Contribution is US$147,170 (relating to the cash calls for January to March 2016), and an additional payment of US$60,152 is due to be paid shortly (relating to the cash call for April 2016).

The Traxys Cash Consideration is intended is to be funded by the funds raised pursuant to the Subscription Agreement.

5.3 Conditions precedent

The obligation of the Company and Traxys to complete the transaction pursuant to the Traxys Sale Agreement remains subject to and conditional upon a number of conditions, including:

(a) the Company's shareholding in Kalongwe being transferred to Regal SPV;

(b) conversion of the Loan;

(c) the receipt of all necessary Shareholder approvals for the Sale Agreement and the other Inter-Conditional Resolutions, by no later than 30 June 2016 (or such other date as may be agreed by the parties);

(d) the satisfaction or waiver of each of the conditions precedent to the other Inter-Conditional Transactions;

(e) lodgement of the Prospectus for the Rights Issue with ASIC and ASX; and

(f) the Amended Marketing Agreement entering into full force and effect after being ratified and approved by the shareholders of Kalongwe following the submission of the special report by Kalongwe's statutory auditor in accordance with the articles of association of Kalongwe and applicable DRC law. The Amended Marketing Agreement provides for minor amendments intended to clarify the intentions of Kalongwe and Traxys in respect of copper, cobalt, gold, ores, concentrates, metals or solutions originating or produced from the permit held by Kalongwe.

Each of the above conditions precedent must be satisfied or waived by 14 July 2016 (or such other date as may be agreed by the parties).

It is understood that the approvals with respect to the Amended Marketing Agreement will be obtained between the date of this Notice and the date of the Meeting.

It is intended that the remaining conditions precedent will be satisfied by the receipt of the Shareholder approvals sought at this Meeting and the lodgement of the Prospectus by the Company in the coming days.

5.4 Representations and warranties

The Company and Traxys have each provided representations and warranties that are considered standard for agreements of this nature.

The representations and warranties provided by each party are subject to, amongst other things, matters which have been disclosed to the other party.

Any claims made for breach of representation and warranty must be notified within 15 months of completion of the transaction, and are subject to the following monetary thresholds:

(a) the maximum amount of any claim recoverable by Traxys against the Company is US$1,500,000; and

(b) the maximum amount of any claim recoverable by the Company against Traxys is US$2,250,000.

Traxys has provided a specific representation and warranty that it has no actual knowledge of any liabilities of Kalongwe that are not disclosed in the Kalongwe accounts or that are not otherwise known to the Company, except those arising in the ordinary course after the date of the Traxys Sale Agreement. Any claims for any breach of this representation and warranty are capped at 50% of the losses or liabilities suffered by Regal, in addition to the monetary cap above.

The Company and Traxys have also entered into an agreement to provide for the circumstance where a "finder's fee" may be payable to any party involved in facilitating the formation of Kalongwe or the association of the Company, Traxys and

GICC in connection with the Kalongwe Project (**Finder's Fee**). The key terms of the agreement are as follows:

(a) Each of the Company and Traxys have represented and warranted that they have not entered into any written contract or agreement to pay a Finder's Fee. Each of the Company and Traxys indemnifies the other party for any breach of this representation or warranty.

(b) If a Finder's Fee becomes payable as a result of an agreement, arrangement or understanding entered into by Regal or Traxys other than by a written contract or agreement, the Finder's Fee is to be paid 50% by the Company and 50% by Traxys, however Traxys shall only be required to pay:

(i) a maximum of US$500,000 under this provision; and

(ii) if the notice of the claim for the Finder's Fee has been asserted within 30 months of completion of the Traxys Sale Agreement.

5.5 Voluntary Escrow

The Traxys Sale Agreement also provides that the Traxys Share Consideration and any Shares subscribed for by Traxys under the Rights Issue will be subject to a 6 month Voluntary Escrow Period, subject to customary exceptions. Refer to Section 15 for further information regarding the voluntary escrow.

6. Background to the GICC transaction

6.1 GICC Sale Agreement

As noted in Section 3, GICC has agreed to sell, and the Company has agreed to acquire, a 13% interest in Kalongwe from GICC.

6.2 Consideration

The total consideration to be provided by the Company under the GICC Sale Agreement is comprised of the following:

(a) 166,556,100 Shares (based on a calculation of US$1.255 million worth of Shares at a deemed issue price of $0.01 at the Exchange Rate) (**GICC Share Consideration**); and

(b) US$1.255 million cash (**GICC Cash Consideration**).

The GICC Cash Consideration is intended is to be funded by the funds raised pursuant to the Subscription Agreement.

6.3 Conditions precedent

The obligation of the Company and GICC to complete the transaction pursuant to the GICC Sale Agreement remains subject to and conditional upon a number of conditions, including:

(a) the satisfaction or waiver of the conditions precedent in the Traxys Sale Agreement; and

(b) the shareholders of Kalongwe executing certain amendments to the Kalongwe Shareholders Agreement to remove, amongst other things, provisions giving the Company the ability to purchase half of GICC's interest in Kalongwe once certain conditions were satisfied.

Each of the above conditions precedent must be satisfied or waived by 14 July 2016 (or such other date as may be agreed by the parties).

It is intended that the remaining conditions precedent will be satisfied by the time of the receipt of the Shareholder approvals sought at this Meeting and the lodgement of the Prospectus by the Company shortly after the Meeting.

6.4 Representations and warranties

The Company and GICC have each provided representations and warranties that are considered standard for agreements of this nature.

The representations and warranties provided by each party are subject to, amongst other things, matters which have been disclosed to the other party.

Any claims made for breach of representation and warranty must be notified within 15 months of completion of the transaction, and are subject to the following monetary thresholds:

(a) the maximum amount of any claim recoverable by GICC against the Company is US$685,000; and

(b) the maximum amount of any claim recoverable by the Company against GICC is US$1,000,000.

7. Background to the Afrimines transaction

7.1 Regal SK Joint Venture

On 20 December 2010, Regal and Afrimines agreed to form a joint venture for the South Kivu Gold Project in the Democratic Republic of the Congo (**Joint Venture**). The Joint Venture interests were initially held 70% by Regal and 30% by Afrimines. Regal SK SPRL (**Regal SK**) was incorporated as the Joint Venture vehicle.

As previously announced, the Company has formally terminated its involvement in the Joint Venture.

The Company was required to pay 'Initial Consideration' and 'Deferred Consideration' to Afrimines in consideration for the acquisition of its initial 70% interest in the Joint Venture. While the Initial Consideration was provided in June 2011, the Deferred Consideration has not been provided.

The agreement initially governing the Joint Venture provided that the Company would provide all funding for the Joint Venture and that the manner in which such funding was spent would be at the Company's absolute discretion. Afrimines subsequently invested US$5 million into Regal SK by way of a loan in April 2012 (**Regal SK Loan**) (which was converted into a 10% interest in Regal SK), and US$7 million into Regal SK by way of an investment in January 2013 (in exchange for the Company transferring a 10% interest in Regal SK to Afrimines) (**Regal SK Investment**).

It was agreed that the Regal SK Loan and the Regal SK Investment would be spent in accordance with a budget agreed by the Company and Afrimines. Upon a review of the available corporate records of Regal SK, it appears that such a process may not necessarily have been followed in full for the Regal SK Loan and Regal SK Investment.

7.2 US$500,000 Loan

On or about 15 November 2013, the Company and Afrimines entered into an agreement whereby Afrimines would immediately advance US$500,000 to the Company (**Afrimines Loan**), for the purposes of the Kalongwe Project.

The Afrimines Loan was required to be repaid in full within 18 months if the net profits from the Kalongwe Project were sufficient, but the parties could agree to the issue of Shares if the net profits were insufficient. If an agreement was not reached, the Afrimines Loan would become repayable when Regal had made sufficient net profits to repay it.

Although arguably the Company's obligation to repay the Afrimines Loan will only arise when the Company has made sufficient net profits from the Kalongwe Project, the Company has resolved to repay the Loan as a matter of completeness.

7.3 Settlement Agreement

Due to potential obligations and liabilities arising in respect of the Joint Venture (including the Deferred Consideration and the expenditure of Joint Venture funds), and the Afrimines Loan, the Company entered into a deed of settlement and release (**Settlement Agreement**) with Afrimines and Regal SK in respect of any claims arising in respect of the Joint Venture and the Afrimines Loan.

Pursuant to the Settlement Agreement, the Company is required to pay the following consideration to Afrimines and Regal SK:

(a) 159,256,802 Shares (based on a calculation of US$1.2 million worth of Shares at a deemed issue price of $0.01 at the Exchange Rate) (**Afrimines Share Consideration**); and

(b) a US$1,200,000 cash payment (**Afrimines Cash Consideration**).

The settlement and release under the Settlement Agreement and the obligation to issue the Afrimines Share Consideration, is subject to and conditional on Shareholders providing all necessary approvals (the subject of Resolution 6) and the underwriting of the Rights Issue.

The Afrimines Cash Consideration will be payable as soon as practicable after completion of the Rights Issue.

The Settlement Agreement also provides that the Afrimines Share Consideration and any Shares subscribed for by Afrimines under the Rights Issue will be subject to a 6 month Voluntary Escrow Period, subject to customary exclusions. Refer to Section 15 for further information regarding the voluntary escrow.

8. Advantages, Disadvantages and Risks of the Transactions

8.1 Overview

The transactions provided for by the Transaction Documents are comprised of the following:

(a) the conversion of the Loan (plus interest) (pursuant to the Convertible Loan Agreement);

(b) the acquisition of Traxys' interest in Kalongwe (pursuant to the Traxys Sale Agreement);

(c) the acquisition of an additional 13% interest in Kalongwe from GICC (pursuant to the GICC Sale Agreement);

(d) the subscription for the Subscription Shares by Ndovu, to fund the Traxys Cash Consideration and the GICC Cash Consideration (pursuant to the Subscription Agreement);

(e) the underwriting of the Rights Issue by Ndovu, to fund, amongst other things, the Afrimines Cash Consideration and a definitive feasibility study on the Kalongwe Project (pursuant to the Underwriting Agreement); and

(f) the Afrimines settlement (pursuant to the Settlement Agreement),

(together, **Transactions**).

Due to the Inter-Conditionality of the Transactions, the Directors have considered the Transactions as a whole, and recommend Shareholders vote in favour of each of the Transaction Resolutions, in the absence of a superior proposal.

The Directors believe that the Kalongwe Project remains an exciting prospect, which can be readily progressed to the definitive feasibility stage. The Company has suffered delays in reaching this stage to date due to, amongst other things:

(a) delays in achieving a structure whereby the Company holds an interest of more than 50% of the Kalongwe Project and clear control of the Kalongwe Project;

(b) an inability to obtain the necessary level of funding to implement the definitive feasibility study until the above structural issues were resolved, and the Company resolved historical issues, principally relating to the former Regal SK Joint Venture and the funding provided by Afrimines; and

(c) challenging market conditions both for copper and the raising of equity for exploration.

The Transactions provide the Company with the ability to achieve a clear majority and controlling interest in Kalongwe, which is expected to assist in ensuring adequate project funding will be available to the Company. The Transactions also enable the Company to satisfy its historical risks regarding the former Regal SK Joint Venture, and move forward with the next phase of the Company.

The provision of the Bridge Loan by Ndovu was important in ensuring the Company has sufficient funding Company through to completion of the Transactions.

The automatic conversion of the Loan upon completion of the Inter-Conditional Transactions will eliminate the Company's material debt and release the security over its assets.

For completeness, it is noted that completion of the GICC Sale Agreement is not a condition precedent to the completion of the other Transactions (the Inter-Conditional Transactions). The Directors confirm that their recommendation remains that Shareholders vote in favour of each of the Inter-Conditional Resolutions even if the GICC Sale Agreement was not to complete. If for any reason the GICC Sale Agreement does not complete, the Company may need to engage in further discussions with GICC to ensure completion of the Traxys Sale Agreement (and in turn, each of the other Transaction Documents) may occur on the terms agreed.

Each of the Directors intend to vote, or procure the voting of, the Shares they control, in favour of each of the Transaction Resolutions, in the absence of a superior proposal emerging.

The Transactions have a number of advantages, disadvantages and risks which may affect Shareholders in different ways depending on their individual circumstances. If in any doubt, you should seek professional advice regarding your particular circumstances.

8.2 Independent Expert's Report

The Directors resolved to appoint BDO as an independent expert and commissioned it to prepare a report to provide an opinion as to whether or not the issue of Securities to Ndovu is fair and reasonable to the existing Shareholders.

What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages to shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

The Independent Expert has determined that the proposed issue of Securities to Ndovu is not fair but reasonable to the non-associated Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is in Annexure A.

8.3 Reasons to vote in favour of the Transaction Resolutions

Reasons to vote in favour of the Transaction Resolutions include:

(a) The Directors recommend that you vote in favour of the Transaction Resolutions

After carefully considering each aspect of the Transactions and assessing all the facts, the Directors believe the Transactions are in the best interests of Shareholders and unanimously recommend that you vote in favour of the Transaction Resolutions, in the absence of a superior proposal emerging.

The Company requires funding in order to manage its working capital requirements and in order to progress its plans for the Kalongwe Project, which it believes will deliver value for Shareholders. The Directors have investigated a range of alternative sources of funding. However, having considered the alternatives available to the Company, and having regard to all the circumstances, the Directors believe that the Transactions are in the best interests of Shareholders and, accordingly, are putting the Transactions to Shareholders for approval at the Meeting.

In the absence of a superior proposal, the Directors intend to vote in favour of each of the Transaction Resolutions with respect to their own shareholdings in the Company.

(b) The conclusions of the independent expert

BDO, as the independent expert appointed by the Company, has concluded that the Transactions are not fair but reasonable, in the absence of a superior proposal.

Refer to the Independent Expert's Report for further detail.

(c) Majority interest in Kalongwe – ability to secure funding

The Directors consider that ownership of a majority interest in Kalongwe and day-to-day- control over the management of Kalongwe is essential to assist the Company in securing an appropriate team with the requisite experience and expertise to develop, build and operate a mine at Kalongwe. Increasing the Company's interest in Kalongwe to 70% is also considered to be integral to securing project finance for Kalongwe.

(d) Supportive major shareholder in Ndovu

The Company will continue to be supported its major shareholder in Ndovu.

As noted above, Ndovu forms part of a mining private equity group which specialises in Africa and emerging markets. Ndovu has extensive technical and strategic expertise and the group of which it forms part has the financial capacity to continue to assist the Company in reaching its long term objectives (as demonstrated by its support of the Transactions).

Ndovu's investment philosophy is to work proactively with its investee companies, providing technical and financial support and assistance as well as funding support. Ndovu's team comprises a blend of technical (geologists, mining engineer, metallurgist) and mining finance professionals.

The Company is pleased that the current skills and expertise of its board and management team will continue to be supplemented by the technical, strategic and financing experience of Ndovu. The Company considers that the technical and financial expertise that Ndovu brings will play an important part in the development of the Kalongwe Project and in the Company's future generally. It also considers that it will have exposure to a broader range of potential investors, financiers and other commercial partners through Ndovu's network.

Overall, the Company believes that Ndovu's investment is beneficial to Shareholders. In the context of a difficult funding environment for small cap companies such as the Company, Ndovu's investment will provide the Company's shareholders with greater certainty about the development of the Kalongwe Project and the future performance of the Company generally.

Ndovu has been supportive of the reinvigoration of the Company and has confirmed to the Company that it intends to remain a major Shareholder with a view to participating in further value creation.

(e) Security of funding for definitive feasibility study, exploration and working capital

The funds raised pursuant to the Rights Issue, which is proposed to be underwritten by Ndovu pursuant to the Underwriting Agreement, will assist the Company to progress its exploration projects, complete a definitive feasibility study on the Kalongwe Project, undertake exploration pursuant to the Company's earn-in agreement with Ivanhoe Mines Ltd, and also in meeting working capital requirements.

(f) Settlement and release of potential claims from previous DRC joint venture

The funds raised pursuant to the Rights Issue, which is proposed to be underwritten by Ndovu pursuant to the Underwriting Agreement, will enable the Company to pay the cash portion of the consideration pursuant to the Settlement Agreement.

Completion of the Settlement Agreement will release the Company from any potential future claims in respect of the former Joint Venture with Afrimines, conducted through Regal SK, as well as the Afrimines Loan. This release is considered important to enable the Company to move forward with its current business activities.

In the absence of the Settlement Agreement being completed, the Company may be subject to substantial claims which the Company may not have the necessary funds to otherwise settle. Defending any such claim would also be a significant diversion of management's attention.

(g) Cash received as a part of the Transactions strengthens the balance sheet

(h) Automatic conversion of Convertible Loan

Pursuant to the terms of the Convertible Loan Agreement, conversion of the Loan (plus interest) will occur automatically at completion of the other Inter-Conditional Transactions.

If Shareholders do not approve the Conditional Transaction Resolutions at the Meeting, Ndovu and/or ECP may provide written notice to the Company stating that they require repayment of the Loan and all other secured monies within 10 business days of the notice.

In the event that Shareholders do not approve the Conditional Transaction Resolutions but neither Ndovu or ECP provide written notice for repayment of the Loan and all other secured monies, the Loan and all other secured monies would be repayable upon the earlier to occur of an event of default occurring under the terms of the Convertible Loan Agreement (and Ndovu and/or ECP exercising their right to require repayment), or the repayment date of 18 September 2016. The principal amount of the Loan is $3,682,577, with interest accruing at 10% per annum, payable quarterly.

In the above circumstances, the Company would be required to fund the repayment through other means, which may not be available, or may not be available on reasonable terms.

The Company's obligations to Ndovu and ECP under the Convertible Loan Agreement are secured over the Company's assets pursuant to the terms of a general security deed at the time of financial close.

Accordingly, if an event of default occurs (including where the Company does not repay the secured monies when they fall due), Ndovu and ECP may seek to enforce their security.

(i) Shareholders have ability to reduce Ndovu's voting power by participating in the Rights Issue

The offer period for the Rights Issue will be open for at least the minimum period required by the Listing Rules. Shareholders will therefore have a reasonable opportunity to accept their entitlement under the Rights Issue, and reduce Ndovu's subscription pursuant to the Underwriting Agreement accordingly.

Shareholders will also be provided with the option for subscribing for Shortfall Shares in excess of their entitlement, on the terms and conditions to be disclosed in the Prospectus. The issue of any Shortfall Shares will be at the discretion of the Directors, in conjunction with Ndovu (in Ndovu’s capacity as underwriter).

Although Shareholders will not have the opportunity to reduce Ndovu’s subscription pursuant to the Subscription Agreement, the funds raised under that agreement will allow the Company to complete the Traxys Transaction (and also potentially the GICC Transaction), which the Directors consider to be beneficial to Shareholders as an important step in the Company’s plans to deliver value to Shareholders from the Kalongwe Project and put the Company in a more certain financial position.

(j) Securing the services of experienced Chief Executive Officer

As announced by the Company on 20 April 2016, it is intended that with effect from the completion of the Rights Issue, Mr Mark Arnesen will become the Chief Executive Officer and an Executive Director of the Company.

Mr Arnesen has extensive expertise in the structuring and negotiation of finance for major resource projects. He is a Chartered Accountant with over 20 years of experience in the international resources industry, including a role with the Billiton/Gencor group of companies where he was a corporate Treasurer from 1996 to 1998. In 2000 Mr Arnesen joined Ashanti Goldfields Company Limited as Managing Director - International Treasury and held the position until 2004. From 2004 until 2006 he worked with Equinox Minerals Limited and put in place the Lumwana project financing. In November 2006 he joined Moto Goldmines Limited as the Financial Director and held the position until the company was taken over by Randgold Resources Limited (and held through a joint venture with AngloGold Ashanti Limited) in late 2009.

Mr Arnesen was a Non-Executive Director of Natasa Mining Limited (2006 to 2010) and a Non-Executive Director of Asian Mineral Resources during 2010. He was Chief Executive Officer of Gulf Industrials Limited (February 2012 to March 2014). Mr Arnesen is currently the sole director of ARM Advisors Proprietary Limited. He was appointed as a Non-Executive Director of Centamin PLC in February 2011. Mr Arnesen holds a Bachelor of Commerce and Bachelor of Accounting degrees from the University of the Witwatersrand.

8.4 Reasons to vote against the Transaction Resolutions

(a) You disagree with the Directors' recommendation and the conclusion of the independent expert.

You may disagree with the Directors, who have concluded that the Transactions are in the best interests of Shareholders, in the absence of a superior proposal emerging. You may also disagree with the conclusion of the independent expert, BDO, that the Transactions are not fair but reasonable in the absence of a superior proposal.

(b) You believe a superior proposal could eventually emerge.

You may believe there is a possibility of a superior proposal emerging that offers greater value to yourself and other Shareholders.

(c) Control of the Company

Ndovu will obtain a significant voting power in the Company as a result of the Transactions. Ndovu also has two representatives currently on the board of Directors. You may disagree that the benefits of the Transactions are sufficient to justify the level of control of the Company which may be held by Ndovu as a consequence of the Transactions.

(d) Risks of the Transactions

You may consider that the potential risks of the Transactions outweigh the potential benefits. However, the Company notes that it currently has a funding requirement and it considers that Transactions represent the best available proposal to fill that requirement.

8.5 Risks if the Transaction Resolutions are approved

The risks that apply to the Company currently in respect of the Kalongwe project, and the risks associated with investing in securities of the Company, will also apply to the increased interest in Kalongwe intended to be acquired by the Company as part of the Transactions.

These risks are described below. Shareholders should note that the risks described below are not exhaustive. Some of the risks may be mitigated by the use of appropriate safeguards and systems, whilst others are outside the control of the Company and cannot be mitigated. Should any of the risks eventuate, then it may have a material adverse impact on the financial performance of the Company and the value of the Company's securities.

(a) **Transaction Documents**

Completion of each of the Transactions are conditional on each of the other Transactions completing (except for the GICC Sale Agreement – the termination of which would not terminate the other Transaction Documents).

The Transactions involve five unrelated counterparties (Ndovu, ECP, Traxys, GICC, and Afrimines) and are documented by six different agreements (Convertible Loan Agreement, Subscription Agreement, Traxys Sale Agreement, GICC Sale Agreement, Settlement Agreement, and Underwriting Agreement).

Accordingly, if any of the conditions precedent in the Transaction Documents are not satisfied or waived, or any of the counterparties do not comply with their obligations under the applicable Transaction Document, completion of the Transactions may be deferred or not occur.

Failure to complete the Transactions may have a material adverse effect on the Company's financial position and its Share price.

(b) **Control effects**

As noted above, Ndovu will obtain a significant voting power in the Company as a result of the Transactions. The Company and its Directors will comply with all applicable laws and the Listing Rules in relation to any dealings between Ndovu and the Company, including:

(i) obtaining any Shareholder approvals for transactions between Ndovu and the Company, where required by applicable law or the Listing Rules; and

(ii) the Directors' duties and obligations to the Company, including in relation to material personal interests and other conflicts of interest and, more generally, to act in the best interests of the Company as a whole.

However, there is a risk that investors will discount the Company's Shares as a result of the level of control being given to Ndovu under the Transactions and the decreased likelihood of a third party making a takeover bid for the Company.

8.6 Risks specific to the Company

(a) **Sovereign risk**

The Company's operations, and the additional interests in Kalongwe intended to be acquired pursuant to the Transactions, are located in the DRC and are therefore exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction.

Any material adverse changes in government policies or legislation in the DRC affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, labour relations, and mining and exploration activities, may adversely affect the viability and profitability of the Company's assets.

The Company's projects in the DRC are subject to the risks associated in operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, corruption, resource nationalism, difficulties with enforceability of contractual terms including with joint venture and local partners, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, labour relations as well as government control over natural resources or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

The Directors note that the DRC has experienced civil and political unrest in the recent past. The possibility of continued or an increase in civil and political unrest remains a constant threat which may affect the viability and profitability of the Company.

(b) **Legal system in the DRC**

The legal system operating in the DRC may be less developed than more established countries, which may result in risk such as:

(i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;

(ii) a higher degree of discretion on the part of governmental agencies;

(iii) the lack of political or administrative guidance on implementing applicable rules and regulations;

(iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or

(v) relative inexperience of the judiciary and court in such matter.

The commitment to local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance joint ventures, licences, license applications or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of and enforcement of such arrangements cannot be assured.

(c) **Claims in respect of historical projects**

The Company was incorporated on 11 September 2003 and has been involved in numerous different projects and companies during its history. The Company is therefore subject to the risk of any claims being brought against the Company in respect of such historical activities (including by Afrimines and/or Regal SK as described in Section 7 if the Inter-Conditional Transactions do not complete).

(d) **Title**

All of the permits or licences in which the Company has or may earn an interest, including in respect of the Kalongwe project, will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each permit or licence is usually at the discretion of the relevant government authority.

Additionally, permits are subject to a number of government specific legislative conditions. The inability to meet these conditions could affect the standing of a permit or restrict its ability to be renewed.

If a permit or licence is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

(e) **Metals and currency price volatility**

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for gold, copper and other metals that may be mined commercially in the future from the Company’s project areas, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. Metals are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Australian dollars, and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

(f) **Joint venture risks**

The Company is currently, and may in the future become a party to joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company’s joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. This may have an adverse effect on the interests and prospects of the Company.

(g) **Future capital needs**

Further funding will be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all.

The Company’s ability to raise further capital within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, share market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to develop its projects and it may impact on the Company's ability to continue as a going concern.

Any additional equity financing will dilute Shareholders and debt financing, if available, may restrict the Company’s financing and operating activities.

(h) **Reliance on key management**

The Company is reliant on a number of key personnel employed or engaged by the Company. Loss of such personnel may have a materially adverse impact on the performance of the Company.

The Board is aware of the need to have sufficient management to properly supervise the exploration and (if successful) for the development of the Company's projects.

8.7 Mining Industry Risks

(a) **Exploration success**

Mineral exploration and project development are high risk undertakings. There can be no assurance that further exploration on the Company's projects will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. Until the Company is able to realise value from its mineral projects, it is likely to incur ongoing operating losses.

(b) **Drilling and exploration programs**

There are operational risks associated with the Company's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at the Company's mineral projects may be affected by a range of factors, including (but not limited to): geological and ground access conditions; unanticipated operational and technical difficulties encountered in sampling and drilling activities; adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour; mechanical failure of operating plant and equipment; prevention of access by reason of political or civil unrest, outbreak of hostilities, outbreak of disease, inability to obtain regulatory consents or approvals; terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes; and risks of default or non-performance by third parties providing essential services.

No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of the Company's mineral projects.

(c) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

(d) **Resource estimates**

The Company has previously announced resource estimates. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company will employ industry-standard techniques including compliance with the JORC Code to reduce the resource estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available through additional fieldwork and analysis, resource estimates may change. This may result in alterations to mining and development plans which may in turn adversely affect the Company.

8.8 General Risks

(a) **Market conditions and other economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's operations and any future development activities, as well as on its ability to fund those activities.

The price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account by the Company. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(c) **Litigation risk**

All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities.

(d) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

8.9 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding how to deal with their Shares and vote at the Meeting.

8.10 Risks if the Transaction Resolutions are not approved

(a) **Convertible Loan Risk**

Pursuant to the terms of the Convertible Loan Agreement, if Shareholders do not approve the Conditional Transaction Resolutions at the Meeting, Ndovu and/or ECP may provide written notice to the Company stating that they require repayment of the Loan and all other secured monies within 10 business days of the notice.

In the event that Shareholders do not approve the Conditional Transaction Resolutions but neither Ndovu or ECP provide written notice for repayment of the Loan and all other secured monies, the Loan and all other secured monies would be repayable upon the earlier to occur of an event of default occurring under the terms of the Convertible Loan Agreement (and Ndovu and/or ECP exercising their right to require repayment), or the repayment date of 18 September 2016. The principal amount of the Loan is $3,682,577, with interest accruing at 10% per annum, payable quarterly.

In the above circumstances, the Company would be required to fund the repayment through other means, which may not be available, or may not be available on reasonable terms.

The Company's obligations to Ndovu and ECP under the Convertible Loan Agreement are secured over the Company's assets pursuant to the terms of a general security deed at the time of financial close.

Accordingly, if an event of default occurs (including where the Company does not repay the secured monies when they fall due), Ndovu and ECP may seek to enforce their security.

(b) **Funding risk**

The Rights Issue, which is proposed to be undertaken by the Company on the basis of it being underwritten by Ndovu, is considered necessary to provide the funding for the Company's exploration activities.

In the event that the Transactions are not completed successfully there is some uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities. The realisable value of the Company's non-current assets may be significantly less than their current carrying values and the Company may not be able to continue in its present form.

(c) **Afrimines risk**

If the Settlement Agreement is not completed, there is a risk that the

Company's former joint venture partners may allege and initiate legal proceedings in the DRC in respect of the Joint Venture and the Loan, and that the Company may be found to be liable for an amount which substantially exceeds the value of the settlement amount under the Settlement Agreement.

9. Resolutions 1, 3, 9, and 12 – Approval to issue Ndovu Securities

9.1 General

The following Resolutions (together, **Ndovu Resolutions**) seek Shareholder approval pursuant to item 7 of section 611 of the Corporations Act for the Company to issue Securities to Ndovu (or its nominee) (together, **Ndovu Securities**).

Resolution	Maximum Shares
Resolution 1 – Approval to issue Convertible Loan Securities to Ndovu (including the exercise of the Convertible Loan Options)	309,993,677
Resolution 3 – Approval to issue Subscription Shares to Ndovu	697,412,077
Resolution 9 – Approval to issue Underwritten Shares to Ndovu	938,380,252
Resolution 12 – Approval for exercise of Existing Ndovu Options	24,000,000
TOTAL	**1,969,785,353**

9.2 Impact on capital structure

The potential impact of the Convertible Loan Agreement on the Company's capital structure is set out in Schedule 2.

9.3 Application of Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval.

An issue of Equity Securities is also not taken into account in the calculation of the 15% threshold in Listing Rule 7.1 where the issue has the prior approval of shareholders in a general meeting pursuant to item 7 of section 611 of the Corporations Act (see Listing Rule 7.2 exception 16).

The proposed issue of the Ndovu Securities is being approved under this section and accordingly the exception applies in relation to the Ndovu Securities.

9.4 Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act prohibits a person acquiring a Relevant Interest in the issued voting shares of the Company if, because of the acquisition, that person's or another person's voting power in the Company increases from:

(i) 20% or below to more than 20%; or

(ii) a starting point that is above 20% and below 90%.

(b) The voting power of a person in the Company is determined by reference to section 610 of the Corporations Act. A person's voting power in the Company is the total of the votes attaching to the shares in the company in which that person and that person's associates (within the meaning of the Corporations Act) have a Relevant Interest.

(b) In accordance with section 608 of the Corporations Act a person will have a Relevant Interest in shares if:

(i) the person is the registered holder of the shares;

(ii) the person has the power to exercise or control the exercise of votes or disposal of the shares; or

(iii) the person has over 20% of the voting power in a company that has a Relevant Interest in shares, then the person has a Relevant Interest in those shares.

(c) In accordance with section 12 of the Corporations Act, a person (**first person**) will be an associate of the other person (**second person**) if:

(i) the first person is a body corporate and the second person is:

(A) a body corporate the first person controls;

(B) a body corporate that controls the first person; or

(C) a body corporate that is controlled by an entity that controls the first person;

(ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the board or the conduct of the affairs of the first person; and

(iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the affairs of the first person.

(d) Section 611 of the Corporations Act has exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders may approve an issue of shares to a person which would otherwise be prohibited pursuant to section 606 of the Corporations Act.

(e) For the purposes of the Corporations Act, as at the date of this Notice, the voting power of Ndovu in the Company is 13.23%.

(f) Pursuant to the Transactions, Ndovu may be issued with up to the following Shares:

	Shares
Ndovu Convertible Loan Shares	268,257,700
Ndovu Interest Shares	11,735,977
Ndovu Convertible Loan Options (if exercised)	30,000,000
Ndovu Subscription Shares	697,412,077
Ndovu Underwritten Shares (assuming no eligible Shareholders participate in the Rights Issue)	938,380,252
Exercise of Existing Ndovu Options	24,000,000

Assuming the requisite Shareholder approvals are received and no other Shares are issued in the interim period other than as specified below, Ndovu will have a maximum voting power of over 20% in the various scenarios set out in Schedule 3 and Schedule 4.

(g) Without Shareholder approval, would be precluded by section 606(1)(c) of the Corporations Act from acquiring the Shares described above.

(h) To comply with the requirements of the Corporations Act (as contained in ASIC Regulatory Guide 74), the Company provides the information in this Explanatory Memorandum to Shareholders in relation to Resolution 1.

9.5 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The information that Shareholders require under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 is as follows:

(a) **The identity of the parties to be issued the Ndovu Securities and their associates**

The Ndovu Securities will be issued to Ndovu or its nominee.

No associates of Ndovu will be issued with any Ndovu Securities as a result of the Transactions and no associate of Ndovu currently holds any Securities in the Company.

Ndovu currently holds 29,556,495 Shares in the Company, comprising a voting interest of 13.23%. Ndovu also holds 24,000,000 Options and, on a fully diluted basis, holds 53,556,495 Shares in the Company, comprising a voting interest of 17.31%.

(b) **The maximum extent of the increase in Ndovu's voting power in the Company**

The tables in Schedule 3 and Schedule 4 provide full particulars of the Shares in which Ndovu will have a relevant interest immediately before and after the various issues, the maximum extent of Ndovu's voting power in the

Company and for factors which may change Ndovu's voting power in the Company.

(c) **The voting power Ndovu would have as a result of the issue of the Ndovu Securities**

Refer to Schedule 3 and Schedule 4.

(d) **The maximum extent of the increase in the voting power of Ndovu's associates that would result from the issue of the Ndovu Securities**

No associate of Ndovu will be issued with any Securities as a result of the issue of the Ndovu Securities.

(e) **The voting power that Ndovu's associates would have as a result of the issue of the Ndovu Securities**

No associate of Ndovu will be issued with any Securities as a result of the issue of the Ndovu Securities.

(f) **An explanation of the reasons for the issue**

A summary of the Convertible Loan Agreement, including the use of funds, is contained in Section 4.3.

A summary of the Subscription Agreement, including the proposed use of funds, is contained in Section 4.4.

A summary of the Underwriting Agreement, including the proposed use of funds from the Rights Issue, is contained in Section 4.5.

A summary of the Existing Ndovu Options, including the use of funds raised in connection with the previous issue of the Existing Ndovu Options, is contained in Section 4.6.

(g) **When the issues are to occur**

The Ndovu Securities are proposed to be issued as follows:

Securities	Proposed issue
Convertible Loan Shares	Transaction Completion
Subscription Shares	Transaction Completion
Underwritten Shares	Conclusion of the Rights Issue
Shares on exercise of Existing Ndovu Options	On or before 10 February 2018 (if exercised)
Shares on exercise of Convertible Loan Options	On or before the date which is 60 months after their date of issue (if exercised)

(h) **Details of the terms of any other relevant agreement between the Company and Ndovu or any of its associates that is conditional on approval of the Ndovu Resolutions**

The Ndovu Resolutions seek Shareholder approval for the issue of Securities to Ndovu pursuant to the Convertible Loan Agreement, Subscription Agreement and Underwriting Agreement.

The terms of the:

(i) Convertible Loan Agreement are summarised in Section 4.4 and Schedule 5;

(ii) Subscription Agreement are summarised in Section 4.4 and Schedule 6; and

(iii) Underwriting Agreement are summarised in Section 4.5 and Schedule 7.

In addition, following completion of Ndovu's initial investment in the Company, Ndovu and the Company entered into certain information sharing arrangements, intended to allow Ndovu to monitor its significant investment in the Company and participate in its strategic relationship with the Company while ensuring the Company complied with applicable laws and appropriate corporate governance practices in relation to its information. These arrangements currently apply for so long as Ndovu holds at least 9% of the issued Shares of the Company – with effect from Transaction Completion, they will apply for so long as Ndovu holds at least 15% of the issued Shares of the Company. The arrangements are summarised in Schedule 6.

For completeness, it is noted that the Traxys Sale Agreement, GICC Sale Agreement and the Afrimines Settlement Agreement are conditional on the passing of the Ndovu Resolutions, however none of Traxys, GICC or Afrimines are considered associates of Ndovu.

(i) **Ndovu's intentions regarding the future of the Company if the issues is completed**

This Section sets out the intentions of Ndovu in relation to the Company if all or part of the Ndovu Securities are issued.

Ndovu's intentions are based on information concerning the Company, its business and the business environment which is known to Ndovu at the date of this Notice. Final decisions regarding these matters will be made by Ndovu in light of all material information and circumstances at the relevant time. Accordingly, the statements in this Section are statements of current intention only, which may change as new information becomes available or as circumstances change.

(i) It is Ndovu's current intention that the Company will:

(A) continue to operate its business and projects in substantially the same manner as they are currently being conducted – in particular, it is Ndovu's current intention that the Company will continue to progress the development of the Kalongwe Project through the undertaking of a definitive feasibility study;

(B) retain its existing management team and other employees, with the addition of Mr Mark Arnesen as Chief Executive Officer as set out in Section 9.5(k) below and any further employees or consultants considered appropriate for the development of the Kalongwe Project;

(C) have a board composition and governance structure in accordance with Section 9.5(k) below; and

(D) retain the name "Regal Resources Limited" and continue to maintain its head office in Perth, Western Australia.

(ii) Other than as set out above or elsewhere in this Explanatory Memorandum, Ndovu:

(A) has no intention to change the business of the Company;

(B) has no current intention to inject further capital into the Company;

(C) has no intention to change the future employment of the present employees of the Company;

(D) does not intend for any assets to be transferred between Ndovu and the Company or their associates;

(E) has no intention to otherwise redeploy the fixed assets of the Company; and

(F) has no current intention to change the Company's existing financial or dividend distribution policies.

(j) **The interest that any Director has in the issue of the Ndovu Securities**

None of the Directors have a material personal interest in the Ndovu Resolutions.

It is noted as a matter of completeness however that two of the Directors, Dr Peter Ruxton and Mr John Hodder, are also principals of Tembo.

(k) **Details about any person who is intended to become a Director if Shareholders approve the acquisition**

It is proposed that Mr Mark Arnesen will be appointed as a Director upon completion of the Inter-Conditional Transactions and the Rights Issue. Please refer to Section 9.3(j) for further information on Mr Arnesen.

No additional persons are intended to be appointed as a Director in connection with the Transactions if Shareholders approve the issue of the Ndovu Securities.

As announced on 19 February 2015, the subscription agreement entered into by the Company and Ndovu provided Ndovu with a right to appoint a non-executive Director. Pursuant to this right, Dr Peter Ruxton was nominated by Ndovu and appointed by the Board as a Director on 19 February 2015. Ndovu remains contractually entitled to have a nominee director on the Board for so long as it holds at least 9% of the issued Shares. In addition, if the Transactions proceed and Ndovu holds even the minimum voting power contemplated by Schedule 3 and Schedule 4, then it will be in a position to determine the composition of the board of the Company at a general meeting.

Mr John Hodder was appointed to the Board as a Director on 7 March 2016. Although Mr Hodder is a principal of Tembo, his appointment to the Board was not through any contractual entitlement of Ndovu. As announced by the Company on 7 March 2016, it is intended that Mr Hodder will remain a director until the completion of the Transactions, at which point the Company intends to appoint one or more additional independent Australian resident directors to the Board (and it is currently intended that Mr Hodder will step down at that time).

(l) **Recommendation of each Director as to whether Shareholders should approve the proposed issues of Ndovu Securities**

After carefully considering each aspect of the Transactions and assessing all the facts, including those contained in this Explanatory Memorandum and the Independent Expert's Report, the Directors believe the Transactions are in the best interests of Shareholders and unanimously recommend that you vote in favour of the Ndovu Resolutions, in the absence of a superior proposal emerging.

In the absence of a superior proposal, the Directors intend to vote in favour of each of the Ndovu Resolutions with respect to their own shareholdings in the Company.

Refer to Section 9.6 for further detail on the reasons for the Directors' recommendation.

(m) **An analysis of whether the proposed allotment of the Ndovu Securities is fair and reasonable when considered in the context of the Shareholders other than Ndovu and its associates**

Refer to Section 8 and the Independent Expert's Report.

(n) **Additional information**

Neither Ndovu nor its associates, nor the Company, are aware of any other information that may be relevant to Shareholders' decision whether or not to vote in favour of the Ndovu Resolutions.

9.6 Board recommendation

The Board recommends that Shareholders vote in favour of the Ndovu Resolutions.

The Ndovu Resolutions are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of the Ndovu Resolutions.

10. Resolution 2 – Approval to issue Convertible Loan Shares to ECP

10.1 General

Resolution 2 seeks Shareholder approval for the issue of Shares to ECP on conversion of the Loan (plus interest) (**ECP Convertible Loan Shares**).

10.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

The effect of Resolution 2 will be to allow the Company to issue the ECP Convertible Loan Shares during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

10.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the ECP Convertible Loan Shares:

(a) a maximum of 105,848,182 Shares are to be issued as ECP Convertible Loan Shares;

(b) the ECP Convertible Loan Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

(c) the ECP Convertible Loan Shares are issued on conversion of the Loan advanced by ECP to the Company under the Convertible Loan Agreement (plus interest) and will therefore be issued at an issue price of nil. The ECP Convertible Loan Shares will be issued at a deemed issue price of either:

  (i) $0.01 per Share if they are issued at Transaction Completion; or

  (ii) $0.035 per Share if they are issued other than at Transaction Completion;

(d) the ECP Convertible Loan Shares will be issued to ECP (or its nominee);

(e) the ECP Convertible Loan Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) no funds will be raised from the issue of the ECP Convertible Loan Shares as they are to be issued on conversion of the Loan (plus interest);

(g) it is intended that the ECP Convertible Loan Shares will be issued on the same date, being either:

  (i) the date of Transaction Completion; or

  (ii) before the repayment date of the Loan of 18 September 2016; and

(h) a voting exclusion statement is included in the Notice.

10.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

11. Resolution 4 - Approval to issue Traxys Share Consideration

11.1 General

Resolution 4 seeks Shareholder approval for the issue of the Traxys Share Consideration.

11.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

The effect of Resolution 4 will be to allow the Company to issue the Traxys Share Consideration during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

11.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Traxys Share Consideration:

(a) a maximum of 199,071,002 Shares are to be issued as Traxys Share Consideration;

(b) the Traxys Share Consideration will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

(c) the Traxys Share Consideration are issued in consideration under the Traxys Sale Agreement and will therefore be issued at an issue price of nil (the Traxys Share Consideration are being issued at a deemed issue price of $0.01 per Share);

(d) the Traxys Share Consideration will be issued to Traxys (or its nominee);

(e) the Traxys Share Consideration will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, subject to the voluntary escrow arrangement described in Section 15;

(f) no funds will be raised from the issue of the Traxys Share Consideration as they are to be issued in consideration under the Traxys Sale Agreement;

(g) it is intended that the Traxys Share Consideration will be issued on the same date, being the date of Transaction Completion; and

(h) a voting exclusion statement is included in the Notice.

11.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 4.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

12. Resolution 5 - Approval to issue GICC Share Consideration

12.1 General

Resolution 5 seeks Shareholder approval for the issue of the GICC Share Consideration.

12.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

The effect of Resolution 5 will be to allow the Company to issue the GICC Share Consideration during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

12.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the GICC Share Consideration:

(a) a maximum of 166,556,072 Shares are to be issued as GICC Share Consideration;

(b) the GICC Share Consideration will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

(c) the GICC Share Consideration are issued in consideration under the GICC Sale Agreement and will therefore be issued at an issue price of nil (the GICC Share Consideration are being issued at a deemed issue price of $0.01 per Share);

(d) the GICC Share Consideration will be issued to GICC (or its nominee);

(e) the GICC Share Consideration will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) no funds will be raised from the issue of the GICC Share Consideration as they are to be issued in consideration under the GICC Sale Agreement;

(g) it is intended that the GICC Share Consideration will be issued on the same date, being the date of Transaction Completion; and

(h) a voting exclusion statement is included in the Notice.

12.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

13. Resolution 6 – Approval to issue Afrimines Share Consideration

13.1 General

Resolution 6 seeks Shareholder approval for the issue of the Afrimines Share Consideration.

13.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

The effect of Resolution 6 will be to allow the Company to issue the Afrimines Share Consideration during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

13.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Afrimines Share Consideration:

(a) a maximum of 159,256,802 Shares are to be issued as Afrimines Share Consideration;

(b) the Afrimines Share Consideration will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

(c) the Afrimines Share Consideration are issued in consideration under the Afrimines Settlement Agreement and will therefore be issued at an issue price of nil (the Afrimines Share Consideration are being issued at a deemed issue price of $0.01 per Share);

(d) the Afrimines Share Consideration will be issued to Afrimines (or its nominee);

(e) the Afrimines Share Consideration will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares, subject to the voluntary escrow arrangement described in Section 15;

(f) no funds will be raised from the issue of the Afrimines Share Consideration as they are to be issued in consideration under the Afrimines Settlement Agreement;

(g) it is intended that the Afrimines Share Consideration will be issued on the same date, being the date of Transaction Completion; and

(h) a voting exclusion statement is included in the Notice.

13.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 6.

Resolution 6 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

14. Resolution 7 – Approval of issue of Shares to Consultant

14.1 General

The Company engaged a consultant, Bankes Holdings Limited (**Consultant**) who is not a related party of the Company to advise on:

(a) the adoption of the new Kalongwe shareholders agreement (announced by the Company on 26 February 2016;

(b) the Traxys Sale Agreement;

(c) investments into the Company;

(d) the Afrimines Settlement Agreement; and

(e) such other matters as agreed with the Company.

The Consultant also advised the Company in relation to the GICC Sale Agreement.

The Consultant has agreed to be issued with Shares in lieu of his consultancy fee.

Resolution 7 seeks Shareholder approval for the issue of the Shares to the Consultant.

14.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

The effect of Resolution 7 will be to allow the Company to issue the Shares to the Consultant during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

14.3 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Shares to the Consultant:

(a) a maximum of 20,000,000 Shares are to be issued to the Consultant (Bankes Holdings Limited*)* (or its nominee);

(b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

(c) the Shares are issued in consideration for the provision of services and will therefore be issued at an issue price of nil (the Shares are being issued at a deemed issue price of $0.01 per Share);

(d) the Shares will be issued to the Consultant, who is not a related party of the Company (or the Consultant's nominee);

(e) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) no funds will be raised from the issue of the Shares as they are to be issued in consideration for the provision of services;

(g) it is intended that the Shares will be issued on the same date, being the date of Transaction Completion; and

(h) a voting exclusion statement is included in the Notice.

14.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 7.

Resolution 7 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 7.

15. Resolution 8 - Approval for the Company to acquire Relevant Interest in Shares

15.1 General

It is a condition of the Traxys Sale Agreement that the Traxys Share Consideration and any Shares subscribed for by Traxys under the Rights Issue will be subject to a 6 month voluntary escrow period (**Traxys Escrowed Shares**).

It is also a condition of the Afrimines Settlement Agreement that the Afrimines Share Consideration and any Shares subscribed for by Afrimines under the Rights Issue will be subject to a 6 month voluntary escrow period (**Afrimines Escrowed Shares**).

The number of potential Traxys Escrowed Shares and the Afrimines Escrowed Shares (together, **Escrowed Shares**) is set out below:

Scenario	Number of Escrowed Shares	Total number of Shares	% of Escrowed Shares
Scenario 1: Transaction Completion occurs, including completion under the GICC Sale Agreement	358,327,804	1,851,596,908	19.35%
Scenario 2: Transaction Completion occurs, but completion under the GICC Sale Agreement does not occur	358,327,804	1,518,484,764	23.60%
Scenario 3: Transaction Completion occurs, including completion under the GICC Sale Agreement, and the Rights Issue is completed, and each of Traxys and Afrimines subscribe for their full entitlement	537,491,706	2,789,977,160	19.27%
Scenario 4: Transaction Completion occurs, but completion under the GICC Sale Agreement does not occur, and the Rights Issue is completed, and each of Traxys and	537,491,706	2,456,865,016	21.88%

Afrimines subscribe for their full entitlement			

Each of the above scenarios assumes no Options are exercised.

15.2 Material terms of the voluntary escrow arrangements

The Traxys Sale Agreement and the Afrimines Settlement Agreement each provide that the Traxys Escrowed Shares or the Afrimines Escrowed Shares (as applicable) will be subject to a holding lock applied by the Company's share registry for a period of 6 months (**Voluntary Escrow Period**).

During the Voluntary Escrow Period, Traxys or Afrimines may:

(a) accept their Escrowed Shares into a takeover bid made under Chapter 6 of the Corporations Act in respect of all the Shares that is or has become free of any defeating conditions (other than a condition in respect of the events listed in section 652C of the Corporations Act);

(b) have their Escrowed Shares transferred or cancelled as part of the transfer or cancellation of all the Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act; or

(c) otherwise deal with their Escrowed Shares as may be required by applicable law or order of a court of competent jurisdiction,

and the Company must ask its share registry to remove the holding lock to allow Traxys of Afrimines to deal with the Escrowed Shares in the circumstances described above.

With the exception of the holding lock described above, Traxys and Afrimines will be entitled to all other rights applicable to holders of Shares in respect of the Escrowed Shares, including in relation to voting, entitlements to participate in pro rata offers to eligible security holders, bonus issues and dividends.

15.3 Section 611 of the Corporations Act

Section 606 of the Corporations Act contains a prohibition on a person acquiring a Relevant Interest in issued voting shares in a listed company through a transaction which results in the person's Voting Power in the Company increasing from below 20% to more than 20%, or from a starting point of more than 20% to a higher percentage.

However, an acquisition is not prohibited if it has been approved by a resolution of the listed entity under section 611 item 7 of the Corporations Act.

A "Relevant Interest" arises if (among other things) the person has the ability to exercise, or control the exercise of, a right to vote attached to shares.

For the purposes of Resolution 8 a Relevant Interest can also arise pursuant to section 608(3) of the Corporations Act where a person has the power to control the disposal of securities (for example, as a result of escrow arrangements). In addition to this, section 608(9) of the Corporations Act provides that a body corporate can have a Relevant Interest in its own securities.

As shown in the table in Section 15.1, if the GICC Sale Agreement is not completed, the Company may hold a Relevant Interest in over 20% of its own Shares. Accordingly, the Company is required to seek Shareholder approval pursuant to section 611 item 7 of the Corporations Act.

15.4 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

Specific information is required to be provided to Shareholders under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 when seeking to obtain approval under item 7 of section 611 of the Corporations Act.

Some of the information usually relevant to a proposal to acquire Relevant Interests in voting shares is not relevant to an escrow arrangement under which the Company is deemed to be acquiring a relevant interest in its own Shares, but will not obtain any power to influence the exercise of any votes attaching to the Shares.

In particular, item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 require that the following information be provided to Shareholders:

(a) the identity of the person proposing to make the acquisition and their associates;

(b) the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;

(c) the voting power that person would have as a result of the acquisition;

(d) the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition; and

(e) the voting power that each of that person's associates would have as a result of the acquisition.

Due to the circumstances in which the Company is acquiring a Relevant Interest in the Share capital of the Company, the above information will not be relevant. The Company (and its associates) will not increase its voting power in the Company as a result of entry by the Company into the voluntary escrow arrangements. This is because the Relevant Interest held by the Company arises from enforcement rights in relation to the disposal of the Escrowed Shares. The Company does not have any right in respect of the voting power attached to the Escrowed Shares.

15.5 Independent Expert’s Report

The Independent Expert’s Report prepared for the purposes of the issue of the Ndovu Securities also considers this Resolution 8 in order to satisfy the requirements for Shareholder approval under item 7 of section 611 of the Corporations Act, and sets out a detailed independent examination of the Transactions to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 8 (and the Ndovu Resolutions).

The Independent Expert has determined that the Transactions, including the acquisition of a relevant interest in Shares by the Company by virtue of the voluntary escrow arrangements, are not fair but reasonable in the absence of a superior proposal.

15.6 Board recommendation

The Board recommends that shareholders vote in favour of Resolution 8.

Resolution 8 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 8.

16. Resolutions 10 and 11 - Ratification of prior issue of Establishment Fee Shares

16.1 General

Resolutions 10 and 11 seek Shareholder approval pursuant to Listing Rule 7.4 for the prior issue of:

(a) 4,656,495 Shares to Ndovu; and

(b) 857,143 Shares to ECP,

(together, **Establishment Fee Shares**), each in satisfaction of the payment of establishment fees under the Convertible Loan Agreement.

The Establishment Fee Shares were issued on the following dates:

(a) 857,143 Shares were issued to ECP on 6 January 2016 in consideration for the establishment fee payable on the $1,000,000 loan advanced by ECP under the Convertible Loan Agreement;

(b) 1,356,495 Shares were issued to Ndovu on 6 January 2016 in consideration for the establishment fee payable on the $1,582,577 loan advanced by Ndovu under the Convertible Loan Agreement (including $582,577 of capitalised interest); and

(c) 3,300,000 Shares were issued to Ndovu on 4 May 2016 in consideration for the establishment fee payable on the additional $1,100,000 Bridge Loan advanced by Ndovu under the Convertible Loan Agreement.

16.2 Listing Rules 7.1 and 7.4

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

The Establishment Fee Shares were issued within the 15% annual limited permitted under Listing Rule 7.1, without the need for Shareholder approval.

Listing Rule 7.4 provides an exception to Listing Rule 7.1. It provides that, where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Shareholders passing Resolutions 10 and 11 to ratify the issue of the Establishment Fee Shares will be to restore the Company's ability to issue further Securities, to the extent of 5,513,638 Equity Securities, during the next 12 months.

16.3 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the Establishment Fee Shares:

(a) The Establishment Fee Shares were issued as follows:

(i) 857,143 Shares were issued to ECP on 6 January 2016;

(ii) 1,356,495 Shares were issued to Ndovu on 6 January 2016; and

(iii) 3,300,000 Shares were issued to Ndovu on 4 May 2016.

(b) The 2,213,638 Establishment Fee Shares issued on 6 January 2016 were issued at a deemed issue price of $0.035 per Share. The 3,300,000 Establishment Fee Shares issued on 4 May 2016 were issued at a deemed issue price of $0.01 per Share.

(c) The Establishment Fee Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.

(d) The Establishment Fee Shares were issued to Ndovu (4,656,495 Shares) and ECP (857,143 Shares).

(e) The Establishment Fee Shares were issued in lieu of the Establishment Fee under the Convertible Loan Agreement and no funds were raised from the issue.

(f) A voting exclusion statement is included in the Notice.

16.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolutions 10 and 11.

Resolutions 10 and 11 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 10 and 11.

17. Resolution 13 – Approval of Employee Share Option Plan

17.1 General

The Company considers that it is desirable to maintain an Option plan pursuant to which the Company can issue Options to eligible Directors, employees and consultants in order to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to all Shareholders.

Accordingly, Resolution 13 seeks Shareholders' approval for the adoption of the employee share option plan titled "Regal Resources Employee Share Option Plan" (**Plan**) in accordance with Listing Rule 7.2 exception 9(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of which is set out at Schedule 9.

In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

17.2 Listing Rule 7.1 and Listing Rule 7.2 Exception 9(b)

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

Listing Rule 7.2 Exception 9(b) provides an exception to Listing Rule 7.1 by which Equity Securities issued under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 13 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary Securities without Shareholder approval in any 12 month period.

No Equity Securities have been issued under the current Plan as it is a new employee incentive scheme and has not previously been approved by Shareholders.

Prior Shareholder approval will be required under Listing Rule 10.14 before any Director or related party of the Company can participate in the Plan.

Pursuant to the Listing Rules, Shareholders must re-approve the Plan and all unissued Options issuable pursuant thereto every 3 years.

17.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 13.

Resolution 13 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 13.

18. Resolution 14 – Approval of issue of Shares to Proposed Director

18.1 Background

The Company announced on 20 April 2016 that Mr Mark Arnesen has been working with the Company to provide assistance with the negotiation and conclusion of the Transactions. It is intended that upon completion of the Rights Issue, Mr Arnesen will be appointed as the Company's Chief Executive Officer and an Executive Director.

Mr Arnesen has extensive expertise in the structuring and negotiation of finance for major resource projects. He is a Chartered Accountant with over 20 years of experience in the international resources industry, including a role with the Billiton/Gencor group of companies where he was a corporate Treasurer from 1996 to 1998. In 2000 Mr Arnesen joined Ashanti Goldfields Company Limited as Managing Director - International Treasury and held the position until 2004. From 2004 until 2006 he worked with Equinox Minerals Limited and put in place the Lumwana project financing. In November 2006 he joined Moto Goldmines Limited as the Financial Director and held the position until the company was taken over by Randgold Resources Limited (and held through a joint venture with AngloGold Ashanti Limited) in late 2009.

Mr Arnesen was a Non-Executive Director of Natasa Mining Limited (2006 to 2010) and a Non-Executive Director of Asian Mineral Resources during 2010. He was Chief Executive Officer of Gulf Industrials Limited (February 2012 to March 2014). Mr

Arnesen is currently the sole director of ARM Advisors Proprietary Limited. He was appointed as a Non-Executive Director of Centamin PLC in February 2011. Mr Arnesen holds a Bachelor of Commerce and Bachelor of Accounting degrees from the University of the Witwatersrand.

18.2 General

Under the terms of Mr Arnesen's consultancy agreement with the Company, the parties agreed for Mr Arnesen's consultancy fees in respect of the Transaction to be partially paid in Shares (**Consultancy Shares**).

The number of Consultancy Shares to be issued is the equivalent to 2.5% of the Shares on issue upon completion of the Rights Issue.

Mr Arnesen's consultancy agreement with the Company provides that the Consultancy Shares are to be issued upon the later to occur of:

(a) completion of the Rights Issue;

(b) the Company receiving all Shareholder approvals for the issue of the Consultancy Shares; and

(c) Mr Arnesen becoming appointed as the chief executive officer and/or an executive director of the Company,

(**Issue Date**).

If Shareholders do not approve the issue of the Consultancy Shares pursuant to Resolution 14 (or the other criteria above are not satisfied), the Consultancy Shares would be converted into a cash payment based on an issue price of $0.01 per Share (i.e. $697,494), half of which would be payable on the Issue Date, and half of which would be payable 12 months after the Issue Date.

The next few years will be an intense period of development and growth for the Company. It will require strong leadership, innovation and the drive to unite investors and appropriate personnel with the Company. For the Company to achieve its goal of moving the Kalongwe Project towards development and progressing its earn-in agreement with Ivanhoe Mines, the Board and senior management will need to successfully realise the Company's development strategy.

Due to the current size of the Company and the present Board structure, Mr Arnesen is proposed to be the only full time executive Director. Mr Arnesen is considered critical to the achievement of the Company's goals and objectives. To support this, the Board considers that it is beneficial to the Company to include an equity component in his consultancy package.

18.3 Chapter 2E of the Corporations Act and Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Arnesen is a "related party" of the Company by virtue of his position as a proposed Director.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consultancy Shares because the agreement to grant the Consultancy Shares reached as part of Mr Arnesen's consultancy agreement with the Company is considered reasonable remuneration for the provision of Mr Arnesen's services in the circumstances, and was negotiated on an arm's length basis.

Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies.

The Directors consider that Listing Rule 10.12 exception 6 applies to the proposed issue of the Consultancy Shares to Mr Arnesen and consequently Shareholders' approval is not sought under Listing Rule 10.11.

18.4 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 9.3 above.

The effect of Resolution 14 will be to allow the Company to issue the Shares to the Consultant during the period of three months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

18.5 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consultancy Shares:

(a) a maximum of 69,749,429 Consultancy Shares are to be issued to Mr Mark Arnesen (or his nominee);

(b) the Consultancy Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);

(c) the Consultancy Shares are issued in consideration for the provision of services and will therefore be issued at an issue price of nil (the Shares are being issued at a deemed issue price of $0.01 per Share);

(d) the Consultancy Shares will be issued to Mr Mark Arnesen or his nominee;

(e) the Consultancy Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(f) no funds will be raised from the issue of the Consultancy Shares as they are to be issued in consideration for the provision of services;

(g) it is intended that the Consultancy Shares will be issued on the same date upon completion of the Rights Issue; and

(h) a voting exclusion statement is included in the Notice.

18.6 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 14.

Resolution 14 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 14.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

$ means Australian Dollars.

$US or USD means United States Dollars.

Afrimines Cash Consideration means the cash sum to be paid to Afrimines by the Company pursuant to the Settlement Agreement.

Afrimines Loan means the US$500,000 loan advanced by Afrimines to the Company on or about 15 November 2013.

Afrimines means Afrimines Resources SPRL, a company incorporated and existing under the laws of the DRC.

Afrimines Share Consideration means the Shares to be issued to Afrimines pursuant to the Settlement Agreement.

Amended Marketing Agreement means the proposed amendments to the marketing agreement between Kalongwe and Traxys Europe S.A. in respect of copper, cobalt, gold, ores, concentrates, metals or solutions originating or produced from the Kalongwe Project.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

BDO means BDO Corporate Finance (WA) Pty Ltd ACN 124 031 045.

Board means the board of Directors.

Bridge Loan means the amount of $1,100,000 advanced by Ndovu to the Company under the Convertible Loan Agreement.

Chairman means the person appointed to chair the Meeting.

Company or **Regal** means Regal Resources Limited ACN 106 294 106.

Conditional Resolutions means Resolutions 1, 2, 3, 4, 6, 9.

Constitution means the constitution of the Company as at the date of the Meeting.

Convertible Loan Agreement means the convertible loan agreement dated 27 May 2015 between the Company and Ndovu, as amended and restated from time to time, including by the first deed of amendment and restatement dated 18 December 2016 between the Company, Ndovu and ECP (pursuant to which ECP became a party to the convertible loan agreement) and the second deed of amendment and restatement dated 20 April 2016.

Convertible Loan Options means the 30,000,000 Options issuable by the Company to Ndovu in accordance with the Convertible Loan Agreement.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

DRC Government means the Government empowered to act on behalf of the State of the DRC.

DRC means the Democratic Republic of the Congo.

ECP Convertible Loan Shares means the Shares to be issued to ECP upon conversion of the Loan (plus interest) in accordance with the Convertible Loan Agreement.

ECP means Exploration Capital Partners 2005 Limited (a limited partnership formed under the laws of California, U.S.A.).

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Escrowed Shares has the meaning given in Section 15.1.

Establishment Fee Shares has the meaning given in Section 16.1.

Exchange Rate means 1USD:0.7535AUD.

Existing Ndovu Options means the 24,000,000 Options held by Ndovu.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

GICC Cash Consideration means the cash sum to be paid to GICC by the Company pursuant to the GICC Sale Agreement.

GICC means La Generale Industrielle et Commerciale au Congo, acronym GICC S.A., a company incorporated and existing under the laws of the DRC.

GICC Sale Agreement means the sale agreement between the Company and GICC dated 20 April 2016.

GICC Share Consideration means the Shares to be issued to GICC pursuant to the GICC Sale Agreement.

Independent Expert means BDO.

Independent Expert's Report means the report of the Independent Expert, a copy of which is in Annexure A.

Inter-Conditional Resolutions means Resolutions 1, 2, 3, 4, 9, and 12.

Inter-Conditional Transactions means all of the Transactions except for the transaction pursuant to the GICC Sale Agreement.

Joint Venture means the former joint venture between Regal and Afrimines, conducted through Regal SK.

Kalongwe means Kalongwe Mining S.A., a company incorporated and existing under the laws of the DRC.

Kalongwe Project means the Kalongwe Copper-Cobalt Project located in the Katanga Province in the DRC and held by Kalongwe.

Listing Rules means the listing rules of ASX.

Loan means the amount of $3,682,577, being the aggregate amount advanced by Ndovu and ECP to the Company under the Convertible Loan Agreement.

Meeting has the meaning given in the introductory paragraph of the Notice.

Ndovu means Ndovu Capital VI B.V. (a limited liability company registered in the Netherlands).

Ndovu Resolutions has the meaning given in Section 9.1.

Notice means this notice of general meeting.

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

Plan means the Regal Resources Employee Share Option Plan.

Prospectus means the disclosure document to be issued by the Company in accordance with section 713 of the Corporations Act for the purposes of:

(a) the Rights Issue;

(b) complying with 'case 2' of section 708A(11) of the Corporations Act in respect of Shares issued prior to the date of the Prospectus, including the Securities pursuant to the Transactions; and

(c) complying with 'case 3' of section 708A(11) of the Corporations Act in respect of Shares issued pursuant to the Underwriting Agreement.

Proxy Form means the proxy form attached to the Notice.

Regal SK means Regal SK SPRL, a company incorporated and existing under the laws of the DRC.

Regal SPV means a wholly owned subsidiary of the Company to be incorporated to hold the Company's interest in Kalongwe.

Relevant Interest has the meaning given in section 608 of the Corporations Act.

Resolution means a resolution referred to in the Notice.

Rights Issue means the proposed non-renounceable pro-rata offer of one new Share for every two Shares held on the record date to raise $9,207,013 9 (subject to rounding).

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means all Equity Securities of the Company, including Shares and Options.

Settlement Agreement means the deed of settlement and release between the Company, Regal SK and Afrimines dated 20 April 2016.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Subscription Agreement means the subscription agreement between the Company and Ndovu dated 20 April 2016.

Subscription Shares means the Shares to be issued to Ndovu pursuant to the Subscription Agreement

Tembo means Tembo Capital Fund Group.

Transaction Completion means completion of the Inter-Conditional Transactions (and potentially also completion pursuant to the GICC Sale Agreement).

Transaction Documents means the Traxys Sale Agreement, GICC Sale Agreement, Subscription Agreement, Convertible Loan Agreement, Underwriting Agreement and Settlement Agreement.

Transaction Resolutions means Resolutions 1, 2, 3, 4, 5, 6, 8, 9 and 12.

Transactions means the transactions provided for under the Transaction Documents.

Traxys Cash Consideration means the cash sum to be paid to Traxys by the Company pursuant to the Traxys Sale Agreement.

Traxys Group means Traxys and Traxys Europe S.A..

Traxys means Traxys Resources Ltd., in its capacity as general partner of Traxys Projects L.P..

Traxys Sale Agreement means the sale agreement between the Company and Traxys dated 20 April 2016.

Traxys Share Consideration means the Shares to be issued to Traxys pursuant to the Traxys Sale Agreement.

Underwriting Agreement means the underwriting agreement between the Company and Ndovu dated 20 April 2016.

Underwritten Shares means the Shares to be issued to Ndovu pursuant to the Underwriting Agreement.

Voluntary Escrow Period has the meaning given in Section15.2.

VWAP means volume weighted average price**.**

WST means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 Indicative Capital Structure

	Shares	Options
Currently on issue	223,459,096	86,000,000
Traxys Share Consideration	199,071,002	-
GICC Share Consideration	166,556,072	
Ndovu Subscription Shares	697,412,077	-
Afrimines Share Consideration	159,256,802	-
Ndovu Convertible Loan Securities	279,993,677	30,000,000
ECP Convertible Loan Shares	105,848,182	
Consultant Shares	20,000,000	-
Rights Issue/Underwritten Shares	925,798,454	
Underwriting Fee Shares	12,581,798	
Mark Arnesen Shares	69,749,429	
TOTAL	**2,859,726,589**	**116,000,000**

The above table assumes:

1. All Transactions complete, including the GICC Sale Agreement.
2. No Options are exercised.
3. Interest under the Convertible Loan Agreement is calculated as at 14 July 2016 (being the latest date for Transaction Completion to occur under the Transaction Documents).

Schedule 3 Impact of Transactions on Ndovu's Voting Power at Transaction Completion

Scenario 1: All Transactions complete				
	New Shares	Total Ndovu Shares	Total Shares	Ndovu voting power
Shares currently held		29,556,495	223,459,096	13.23%
Maximum Convertible Loan Shares	385,841,859	309,550,172	609,300,955	50.80%
Subscription Shares	697,412,077	1,006,962,249	1,306,713,032	77.06%
Traxys Share Consideration	199,071,002	1,006,962,249	1,505,784,034	66.87%
GICC Share Consideration	166,556,072	1,006,962,249	1,672,340,106	60.21%
Afrimines Share Consideration	159,256,802	1,006,962,249	1,831,596,908	54.98%
Consultant's Shares	20,000,000	1,006,962,249	1,851,596,908	54.38%
Fully diluted				
Exercise of all Ndovu Options	54,000,000	1,060,962,249	1,905,596,908	55.68%
Exercise of all other Options	62,000,000	1,060,962,249	1,967,596,908	53.92%

The above table assumes:

1. All Transactions complete, including the GICC Sale Agreement.
2. Interest under the Convertible Loan Agreement is calculated as at 14 July 2016 (being the latest date for Transaction Completion to occur under the Transaction Documents).
3. No Options are exercised other than as specified.

Scenario 2: Only the Inter-Conditional Transactions complete

	New Shares	Total Ndovu Shares	Total Shares	Ndovu voting power
Shares currently held		29,556,495	223,459,096	13.23%
Maximum Convertible Loan Shares	385,841,859	309,550,172	609,300,955	50.80%
Subscription Shares	530,856,005	840,406,177	1,140,156,960	73.71%
Traxys Share Consideration	199,071,002	840,406,177	1,339,227,962	62.75%
Afrimines Share Consideration	159,256,802	840,406,177	1,498,484,764	56.08%
Consultant's Shares	20,000,000	840,406,177	1,518,484,764	55.35%
Fully diluted				
Exercise of all Ndovu Options	54,000,000	894,406,177	1,572,484,764	56.88%
Exercise of all other Options	62,000,000	894,406,177	1,634,484,764	54.72%

The above table assumes:

1. Only the Inter-Conditional Transactions complete. The GICC Sale Agreement does not complete.
2. Interest under the Convertible Loan Agreement is calculated as at 14 July 2016 (being the latest date for Transaction Completion to occur under the Transaction Documents).
3. No Options are exercised other than as specified.

Scenario 3: None of the Transactions complete. Ndovu and ECP elect to convert the Convertible Loan				
	New Shares	Total Ndovu Shares	Total Shares	Ndovu voting power
Shares currently held		29,556,495	223,459,096	13.23%
Maximum Convertible Loan Shares	110,240,543	109,554,695	333,699,639	32.83%
Consultant's Shares	20,000,000	109,554,695	353,699,639	30.97%
Fully diluted				
Exercise of all Ndovu Options	54,000,000	163,554,695	407,699,639	40.12%
Exercise of all other Options	62,000,000	163,554,695	469,699,639	34.82%

The above table assumes:
1. The Transactions do not complete and Ndovu and ECP elect to convert the Loan at the conversion price of $0.035.
2. Interest under the Convertible Loan Agreement is calculated as at 14 July 2016.
3. No Options are exercised other than as specified.

Schedule 4 Impact of Transactions on Ndovu's Voting Power at Completion of Rights Issue

Scenario 1: All Transactions complete				
	New Shares	Total Shares	Total Ndovu Shares	Ndovu voting power
Shares held at Transaction Completion	-	1,851,596,908	1,006,962,249	54.38%
Rights Issue participation:	925,798,454	2,777,395,362		
• Fully subscribed			• 1,510,443,374	• 54.38%
• 75% subscribed by non-Ndovu Shareholders			• 1,616,022,706	• 58.18%
• 50% subscribed by non-Ndovu Shareholders			• 1,721,602,038	• 61.99%
• 0% subscribed by non-Ndovu Shareholders			• 1,932,760,703*	• 69.59%*
Underwriting fee shares	12,581,798	2,789,977,160	1,945,342,501*	69.73%*
Mark Arnesen Shares	69,749,429	2,859,726,589	1,945,342,501*	68.03%*
Fully diluted				
Exercise of all Ndovu Options	54,000,000	2,913,726,589	1,999,342,501*	68.62%*
Exercise of all other Options	62,000,000	2,975,726,589	1,999,342,501*	67.19%*

The above table assumes:

1. All Transactions complete, including the GICC Sale Agreement.
2. Interest under the Convertible Loan Agreement is calculated as at 14 July 2016 (being the latest date for Transaction Completion to occur under the Transaction Documents).
3. The items marked * assume that no Shareholders other than Ndovu take up their entitlement under the Rights Issue. It is noted that this is a highly unlikely outcome, and that the Company has received an irrevocable undertaking from ECP to take up 100% of its entitlement (of approximately 53,352,672 Shares)
4. No Options are exercised other than as specified.

Scenario 2: Only the Inter-Conditional Transactions complete	New Shares	Total Shares	Total Ndovu Shares	Ndovu voting power
Shares held at Transaction Completion	-	1,518,484,764	840,406,200	55.35%
Rights Issue participation:	759,242,382	2,277,727,146		
• Fully subscribed			• 1,260,609,266	• 55.35%
• 75% subscribed by non-Ndovu Shareholders			• 1,345,369,089	• 59.07%
• 50% subscribed by non-Ndovu Shareholders			• 1,430,128,912	• 62.79%
• 0% subscribed by non-Ndovu Shareholders			• 1,599,648,559	• 70.23%*
Underwriting fee shares	10,171,179	2,287,898,325	1,609,819,738*	70.36%*
Mark Arnesen Shares	57,197,459	2,345,095,784	1,609,819,738*	68.65%*
Fully diluted				
Exercise of all Ndovu Options	54,000,000	2,399,095,784	1,663,819,738*	69.35%*
Exercise of all other Options	62,000,000	2,461,095,784	1,663,819,738*	67.60%*

The above table assumes:

1. Only the Inter-Conditional Transactions complete. The GICC Sale Agreement does not complete.
2. Interest under the Convertible Loan Agreement is calculated as at 14 July 2016 (being the latest date for Transaction Completion to occur under the Transaction Documents).
3. The items marked * assume that no Shareholders other than Ndovu take up their entitlement under the Rights Issue. It is noted that this is a highly unlikely outcome, and that the Company has received an irrevocable undertaking from ECP to take up 100% of its entitlement (of approximately 53,352,672 Shares)
4. No Options are exercised other than as specified.

Schedule 5 Material Terms of the Convertible Loan Agreement

Term		Provision
1.	Borrower	Regal Resources Limited (**Borrower**)
2.	Lenders	Ndovu and ECP (together, **Lenders**)
3.	Principal Amount	Provided by Ndovu: $2,682,577 Provided by ECP: $1,000,000 (together, **Principal Amount**).
4.	Establishment Fee	Establishment fees were payable to each of the Lenders, which were satisfied by the issue of the following Shares: (a) 4,656,495 Shares were issued to Ndovu; and (b) 857,143 Shares were issued to ECP.
5.	Convertible Loan Options	Within 5 business days of receiving the Shareholder approval the subject of Resolution 1, the Borrower must issue 30,000,000 Options to Ndovu on the terms and conditions in 0 (**Convertible Loan Options**).
6.	Interest	Interest will accrue on the Loan at the rate of 10% per annum, payable quarterly. Interest will accrue on any overdue amounts at the rate of 12% per annum, and may be capitalised by a Lender monthly. The Lenders may elect that the accrued interest is to be converted into Shares by giving the Borrower a conversion notice at least 10 business days prior to the relevant payment date. The conversion price will be $0.01 if the conversion occurs as part of Transaction Completion. If the conversion occurs other than as part of Transaction Completion, the conversion price will be $0.035.
7.	Security	The Lenders are to be granted security over the Company's assets pursuant to the terms of a general security deed at the time of financial close. The Company has obtained a conditional waiver of Listing Rule 10.1 to enable the grant of this security.
8.	Repayment Date	The repayment date for the Loan (plus interest) is 18 September 2016. However, if the Shareholder approval of the Inter-Conditional Resolutions is not obtained at this Meeting, Ndovu or ECP may give notice to the Company that Ndovu/ECP (as applicable) requires repayment of the Loan (plus interest) within 10 business days of the date of the notice.
9.	Conversion	Subject to the receipt of Shareholder approval for Resolutions 1 and 2, a Lender may elect for the Loan to be converted into Shares at any time on or before the Repayment Date. Upon the satisfaction or waiver of each of the conditions precedent for the Inter-Conditional Transactions, the Loan will automatically be

Term		Provision
		converted into Shares.
10.	Conversion Price	The number of Shares to be issued to a Lenders on conversion of the Loan is to be determined in accordance with the following formula: $A = \frac{B + C}{D}$ Where: A = the number of Shares to be issued to the Lender B = the Lender's pro rata share of the Loan C = the unpaid interest amount specified in the conversion notice D = the conversion price, which will be either \$0.01 or \$0.035, as described above.
11.	Assignment	The Lender may at any time assign any of its rights or novate any of its rights and obligations under the Convertible Loan Agreement (or associated documents) to any person or combination of persons.
12.	Standard provisions	Standard representations and warranties, covenants, events of default and indemnity in favour of the Lenders for an agreement of this type were agreed.

Schedule 6 Material Terms of the Subscription Agreement

Term		Provision
1.	Subscriber	Ndovu.
2.	Subscription Amount	If the GICC transaction completes: US$5,255,000. If the GICC transaction does not complete: US$4,000,000.
3.	Deemed issue price	A$0.01 per Share. The conversion of US$ to A$ will be at the Exchange Rate.
4.	Conditions precedent	The issue of the Subscription Shares remains conditional on the satisfaction or waiver of a the following conditions precedent: • the satisfaction or waiver of each of the conditions precedent to the other Inter-Conditional Transactions; and • the receipt of all necessary Shareholder approvals for the Subscription Agreement and the other Inter-Conditional Transactions, by no later than 30 June 2016 (or such other date as may be agreed by the parties). The conditions precedent must be satisfied on or before 14 July 2016 or such other date as agreed.
5.	Completion	Completion is to occur 2 business days after the satisfaction or waiver of all of the conditions precedent to the Inter-Conditional Transactions, or as otherwise agreed. Completion of each of the Inter-Conditional Transactions is intended to occur contemporaneously.
6.	Director appointment rights	The Subscriber retains its existing Director appointment rights (the right to appoint a Director for so long as it holds 9% of the issued Shares of the Company).
7.	Information sharing rights	The Company has granted the Subscriber certain information rights for so long as the Subscriber holds at least 15% of the issued Shares of the Company. The Subscriber currently has these information rights under its previous subscription agreement (for so long as it holds 9% of the issued Shares of the Company), which is superseded by the Subscription Agreement. These information rights provide that upon a reasonable request from the Subscriber, the Company will provide certain information to the Subscriber for the purposes of monitoring its investment in the Company. The Subscriber may also require a site visit at the Kalongwe Project upon reasonable request. The Company retains the right to withhold certain information if it would not be lawful to disclose such information or it would waive the Company's legal professional privilege. The Company's obligation to provide information to Ndovu is also subject to any agreed confidentiality arrangements in place with third parties Information provided by the Company to Ndovu must not be used or disclosed by Ndovu if the use or disclosure does or will result in

Term		Provision
		material detriment to or the competitive disadvantage of the Company. Information barriers also must be put in place where necessary.
8.	Termination rights	The Subscriber may terminate the Subscription Agreement at any time before Completion if: • the conditions precedent are not satisfied on or before 14 July 2016 or such other date as agreed; • any Transaction Document is terminated without the consent of the Subscriber; • a material adverse change occurs in respect of the Company; • an event of insolvency occurs in respect of the Company or its subsidiaries; • any disclosure materials given by the Company to the Subscriber after the date of the Subscription Agreement discloses a matter which would cause any warranty given by the Company to cease to be true and correct in all material respects; • any warranty given by the Company ceases to be true and correct in all material respects; or • there is a challenge made to Kalongwe's title to the Kalongwe Project tenement, or a claim made against the shareholders of Kalongwe in respect to their shareholding in Kalongwe. The Company may terminate the Subscription Agreement at any time before Completion if: • the conditions precedent are not satisfied on or before 14 July 2016 or such other date as agreed; or • any warranty given by the Subscriber ceases to be true and correct in all material respects.
9.	Standard provisions	Standard representations and warranties and covenants for an agreement of this type were agreed.

Schedule 7 Material terms of the Underwriting Agreement

Term		Provision
1.	**Underwriter**	Ndovu.
2.	**Underwritten Shares**	The Shares proposed to be issued under the Rights Issue (maximum of 925,798,454 Shares)
3.	**Issue price**	A$0.01 per Share. The conversion of US$ to A$ will be at the Exchange Rate.
4.	**Conditions precedent**	The obligation of the Underwriter to underwrite the subscription of the Underwritten Shares remains conditional on the satisfaction or waiver of the following conditions precedent: • the satisfaction or waiver of each of the conditions precedent to the other Inter-Conditional Transactions; and • the receipt of all necessary Shareholder approvals for the Underwriter to underwrite the Rights Issue; and • the Company lodging the Prospectus with the ASIC by no later than 14 July 2016 or such other date as agreed; • the Underwriter receiving a legal opinion in respect of Australian legal matters addressed to, and expressed to be for the benefit of, the Company and the Underwriter, in a form and substance satisfactory to the Underwriter, from the Company's Australian legal advisers by 8:30am on the date the Prospectus is lodged with the ASIC; and • the Underwriter receiving a copy of the due diligence report prepared for the purposes of the Rights Issue in a form and substance satisfactory to the Underwriter by 8:30am on the date the Prospectus is lodged with the ASIC.
5.	**Termination rights**	The Underwriter may terminate the Underwriting Agreement at any time before completion of the Inter-Conditional Transactions (excluding the Underwriting Agreement) in the circumstances described below. The Underwriter does not have any contractual termination rights after completion of the Inter-Conditional Transactions. • the conditions precedent are not satisfied on or before 14 July 2016 or such other date as agreed; • any Transaction Document is terminated without the consent of the Underwriter; • a material adverse effect occurs in respect of the Company; • an event of insolvency occurs in respect of the Company or its subsidiaries; • any disclosure materials given by the Company to the Underwriter after the date of the Underwriter Agreement discloses a matter which would cause any warranty given by the Company to cease to be true and correct in all material respects;

Term		Provision
		• any warranty given by the Company ceases to be true and correct in all material respects; or • there is a challenge made to Kalongwe's title to the Kalongwe Project tenement, or a claim made against the shareholders of Kalongwe in respect to their shareholding in Kalongwe. The Company may terminate the Underwriting Agreement at any time before Completion if: • the conditions precedent are not satisfied on or before 14 July 2016 or such other date as agreed; or • any warranty given by the Underwriter ceases to be true and correct in all material respects.
6.	**Shortfall**	Eligible Shareholders may nominate to subscribe for additional Shares not subscribed for by other eligible Shareholders in the Rights Issue. The Company must calculate the number of Underwritten Shares for which valid applications have not been received by the closing date of the Rights Issue (**Shortfall**). The Company must notify the Underwriter of the Shortfall within 3 business days of the closing date of the Rights Issue (or such later date as agreed). The Underwriter must apply for the Shortfall within 6 business days of receiving this Shortfall notice from the Company.
7.	**Withdrawn applications**	If the Company issues a supplementary or replacement prospectus with respect to the Rights Issue, the Company must provide the Underwriter with notice of any applications received from Eligible Shareholders which have been withdrawn during the period required by the Corporations Act. The Underwriter must apply for the Shares the subject of such withdrawn applications within 6 business days of receiving this notice from the Company.
8.	**Underwriting commission**	The Company agreed to pay the Underwriter a commission of 3% of the amount to be raised by the Rights Issue, less the amount to be raised by the subscription by the Underwriter in its capacity as an eligible Shareholder for its entitlement Shares. This commission is to be paid in Shares at a deemed issue price of $0.01 per Share.
9.	**Reimbursement of costs**	The Company must pay and will indemnify and keep indemnified the Underwriter against and in relation to, all costs and expenses of and incidental to the Rights Issue, including but not limited to legal expenses, marketing and promotional materials and expenditure, travel and accommodation costs, and all communication costs and couriers. The Underwriter may set-off all amounts payable to it under the above against any payment obligation owed by the Underwriter to the Company in relation to the subscription for Shortfall The Underwriter must obtain the Company's consent before incurring any single expense which will exceed $2,000.
10.	**Prospectus**	The Company must:

Term		Provision
		• ensure the Prospectus complies with the requirements of all applicable laws, regulations, practice notes, policy statements or class orders; • lodge the Prospectus with the ASIC by no later than 14 July 2016 or such other date as agreed and otherwise in accordance with the agreed timetable; • promptly provide the Underwriter copies of any material communications to or from a government agency relating to the Rights Issue; and • immediately notify the Underwriter if it becomes aware of an application being made by the ASIC for an order under Part 9.5 of the Corporations Act or the ASIC commencing any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Prospectus or the Rights Issue.
11.	**Supplementary or Replacement Prospectus**	If, at any time after the Prospectus is lodged with the ASIC and before the Shares are issued under the Rights Issue, the Company becomes aware of: • a misleading or deceptive statement in the Prospectus; • an omission from the Prospectus of information required by the Corporations Act; or • a new circumstance that has arisen since the Prospectus was lodged with the ASIC and would have been required by the Corporations Act to be included in the Prospectus if it had arisen before the Prospectus was lodged with the ASIC, (together, **Supplementary Disclosure Matters**), the Company must lodge a supplementary or replacement prospectus with the ASIC disclosing the Supplementary Disclosure Matters. The Company must immediately notify the Underwriter if, at any time after the Prospectus is lodged with the ASIC, the Company becomes aware of any Supplementary Disclosure Matters.
12.	**Standard provisions**	Standard representations and warranties, covenants and indemnities for an agreement of this type were agreed.

Schedule 8 Terms and Conditions of Existing Ndovu Options and Convertible Loan Options

1. The exercise price and expiry dates of the Options are as follows:

Options	Exercise price	Expiry date
Existing Ndovu Options	$0.08	10 February 2018
Convertible Loan Options	$0.06	60 months after issue

2. Each Option entitles the holder, when exercised, to one Share.

3. The Options are not transferable without the prior written consent of the Company, except that the Option holder may transfer the Options to any of its related bodies corporate without the prior written consent of the Company.

4. The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.

5. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares.

6. The Company will:

   (a) apply to ASX for official quotation of the Shares issued on exercise of the Options; and

   (b) give to ASX a notice under section 708A(5)(e) of the Corporations Act within 5 Business Days of the issue of the Shares, unless it cannot meet the criteria in "case 1" of section 708A of the Corporations Act, in which case the Company will comply with the criteria in "case 2" of section 708A of the Corporations Act and issue a disclosure document under chapter 6D.2 of the Corporations Act as soon as reasonably practicable after the date of exercise of the Options and in any event within 20 Business Days of that date (and until the Company has issued the disclosure document, the Subscriber may only transfer the relevant Shares to a person satisfying the requirements of section 708(8), (10) or (11) of the Corporations Act).

7. The Company does not intend to seek quotation of the Options.

8. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Option holders will be notified of the proposed issue at least four business days before the record date of any proposed issue. This will give Option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue.

9. In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the

Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules.

10. There will be no change to the exercise price of the Options in the event the Company makes a pro rata rights issue of securities.

Schedule 9 Summary of Employee Share Option Plan

1. Eligible participants

Directors, employees and contractors of the Company or an entity controlled by or which controls the Company are "Eligible Persons" under the Plan.

The Board may from time to time make offers in writing to Eligible Persons inviting them to take up Options under the Plan.

Options may not be offered to a Director or his or her associates except where approval is given by the Shareholders in general meeting in accordance with the requirements of the Listing Rules.

2. Limit to number of Options offered under the Plan

Offers may only be made under the Plan if the Board has reasonable grounds to believe that the total number of Shares that may be acquired on exercise of the Options offered under that Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:

(a) the Plan or any other employee incentive scheme; or

(b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding any offer made, Option acquired or Shares issued by way of or as a result of:

(c) an offer to a person situated at the time of receipt of the offer outside Australia;

(d) an offer that did not need disclosure to investors because of section 708 of the Corporations Act. Section 708 exempts the requirement of a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company; or

(e) an offer made under a disclosure document,

would exceed 5% (or such other maximum permitted under any ASIC class order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares in the Company as at the time of making the offer.

3. Administration of Plan

The Directors will administer the Plan awarding Options to acquire Shares in the Company to Eligible Persons. The selection of persons to whom the Shares will be offered under the Plan, the number of Shares which may be offered to those persons, and any performance criteria that may apply before the Options may be exercised will be determined wholly by the Directors in their absolute discretion and in compliance with the Listing Rules.

4. Expiration of Options

A vested Option will lapse on its expiry date. An unvested Option will lapse upon the earlier of its expiry date, voluntary resignation of the employee or voluntary termination of the consultancy contract, or the holder acting fraudulently or dishonestly in relation to the Company (unless the Board resolves otherwise within 30 days of any such event occurring).

5. Death or permanent disability of participant

An Option will lapse after one year of a participant's death, permanent disability, redundancy or other reason which the Board considers fair and reasonable to warrant the participant maintaining his or her right to the Options.

6. Transfer of Options

Subject to the Listing Rules and except on death of a participant, Options may not be transferred, assigned or novated without the prior approval of the Board.

7. Administration of the Plan

The Plan will be administered by the Board which has the power to:

(a) determine appropriate procedures for the administration of the Plan consistent with the Rules;

(b) delegate such functions and powers as it may determine consider appropriate for the exercise of the Plan to a person or persons;

(c) resolve conclusively all questions of fact, interpretation or application in connection with the Plan and the Offer; and

(d) act or refrain from acting under or in connection with the Plan or any Options and in the exercise of any power or discretion granted to it by the Plan, except as otherwise expressly provided in the Plan.

8. Amendment of the Plan

The Board may amend the Plan if the amendment is of a formal, minor or technical nature or is made to correct a manifest error. Other amendments require shareholder approval.

9. Termination or suspension of the Plan

The Plan may be terminated or suspended at any time by resolution of the Board and notification thereof to the ASX, if required.

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REGAL
RESOURCES LIMITED
ACN 106 294 106

Lodge your vote:

By Online Vote:
www.advancedshare.com.au

By Mail:
Advanced Share Registry Limited
PO Box 1156, Nedlands 6909
Western Australia

By Facsimile:
+61 8 9262 3723

By Email:
admin@advancedshare.com.au

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For all enquiries call:

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Email: admin@advancedshare.com.au

Proxy Form

Please mark ☒ to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

I/We being a member(s) of Regal Resources Limited entitled to attend and vote at the Meeting, hereby appoint:

☐ **the Chair of the Meeting** **OR** ______ **OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy**

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at **10.30am WST on 30 June 2016 at BDO (38 Station Street, Subiaco WA)** and at any adjournment or postponement of that Meeting.

Important – If the Chairman is your proxy or is appointed as your proxy by default

The Chairman intends to vote all available proxies in favour of each Resolution. If the Chairman is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to each Resolution, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions on each Resolution even if a Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

VOTING ON BUSINESS OF THE MEETING - ORDINARY RESOLUTIONS		**For**	**Against**	**Abstain**
Resolution 1	Approval to issue Convertible Loan Securities to Ndovu	☐	☐	☐
Resolution 2	Approval to issue Convertible Loan Shares to ECP	☐	☐	☐
Resolution 3	Approval to issue Subscription Shares to Ndovu	☐	☐	☐
Resolution 4	Approval to issue Traxys Share Consideration	☐	☐	☐
Resolution 5	Approval to issue GICC Share Consideration	☐	☐	☐
Resolution 6	Approval to issue Afrimines Share Consideration	☐	☐	☐
Resolution 7	Approval of issue of Shares to Consultant	☐	☐	☐
Resolution 8	Approval for the Company to acquire Relevant Interest in Shares	☐	☐	☐
Resolution 9	Approval to issue Underwritten Shares to Ndovu	☐	☐	☐
Resolution 10	Ratification of prior issue of Establishment Fee Shares to Ndovu	☐	☐	☐
Resolution 11	Ratification of prior issue of Establishment Fee Shares to ECP	☐	☐	☐
Resolution 12	Approval for exercise of Existing Ndovu Options	☐	☐	☐
Resolution 13	Approval of Employee Share Option Plan	☐	☐	☐
Resolution 14	Approval of issue of Shares to Proposed Director	☐	☐	☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Authorised signature/s This section ***must*** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

Individual or Member 1	**Member 2** (if joint holding)	**Member 3** (if joint holding)	/ /
Sole Director and Sole Secretary	Director/Company Secretary	Director	Date

Contact Name: ______________________ **Contact Telephone No: (daytime):** ______________________

REGAL
RESOURCES LIMITED
ACN 106 294 106

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding:	where the holding is in more than one name all of the holders must sign.
Power of Attorney:	if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.
Companies:	a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be mailed to or received by facsimile transmission at the share registry of the Company (PO Box 1156, Nedlands, WA 6909 or facsimile (08) 9262 3723) not less than 48 hours prior to the time of commencement of the Meeting (WST).

REGAL RESOURCES LIMITED
Independent Expert's Report

11 May 2016

Financial Services Guide

11 May 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Regal Resources Limited ('RER ') to provide an independent expert's report on the proposal to undertake a number of transactions and agreements in order for RER to increase its interest in Kalongwe Mining SA, extinguish its financial liabilities and fund a definitive feasibility study. You will be provided with a copy of our report as a retail client because you are a shareholder of RER.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $15,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments

BDO Audit (WA) Pty Ltd is the appointed Auditor of RER. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

We have performed work in relation to independent expert's reports in the past two years. Our total fee for work provided was approximately $38,000.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from RER for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

11 May 2016

The Directors
Regal Resources Limited
Level 18 Central Park
152-158 St Georges Terrace
Perth, WA 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 20 April 2016, Regal Resources Limited ('RER' or 'the Company') announced that it had entered into a number of transactions in order to increase its interest in Kalongwe Mining SA ('Kalongwe'), settle its liabilities and raise capital for the development of a definitive feasibility study on the Kalongwe Copper-Cobalt Project ('Kalongwe Project' or 'the Project').

The Company will raise funds through a placement to Ndovu Capital VI B.V. ('Ndovu') and via a rights issue underwritten by Ndovu. RER will acquire Traxys Projects L.P. ('Traxys') 28.5% interest in Kalongwe, as well as a further 13% interest from La Generale Industrielle et Commerciale au Congo's ('GICC') interest in Kalongwe. The Company's liability to Afrimines Resources SPRL ('Afrimines') in relation to Regal SK SPRL ('Regal SK') and a separate loan agreement between Afrimines and the Company will be settled through the payment of cash and issuance of shares, and the convertible loan facility provided by Ndovu and Exploration Capital Partners 2005 Limited Partnership ('ECP') will be settled through the issuance of shares on conversion of the loan.

The aforementioned transactions and agreements are conditional upon each of the others success, excluding the agreement with GICC, which is itself conditional on the agreement with Traxys becoming unconditional, as such we have considered all transactions and agreements as one transaction ('the Transaction').

Ndovu currently holds a 13.23% interest in RER. The issue of shares pursuant to the Transaction would result in Ndovu holding an interest in RER in excess of 20% and is subject to shareholders' approval, which will be sought under item 7 of section 611 of the Corporations Act 2001 (Cth) ('Corporations Act' or 'the Act').

2. Summary and Opinion

2.1 Purpose of the report

The directors of RER have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Transaction is fair and reasonable to the non associated shareholders of RER ('Shareholders').

Our Report is prepared pursuant to section 611 of the Act and is to be included in the Notice of Meeting for RER in order to assist the Shareholders in their decision on whether or not to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 74 'Acquisitions Approved by Members' ('RG 74'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of an RER share prior to the Transaction compares to the value of an RER share following the Transaction;
  - on an undiluted basis;
  - on a diluted basis; and
  - on the basis that the GICC agreement (the subject of Resolution 5 is not approved).
- The likelihood of a superior alternative offer being available to RER;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that, in the absence of a superior offer, the Transaction is not fair but reasonable to Shareholders.

In our opinion, the Transaction is not fair because the value of an RER share prior to the Transaction on a controlling basis exceeds the value of an RER share following the Transaction on a minority basis, in all of the scenarios considered.

We consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages. We note that if the Transaction is not approved, RER will be required to repay its liabilities to Afrimines in cash. As at 31 March 2016, the Company holds $0.56 million in cash. Further, Ndovu and ECP may give notice to the Company requiring repayment of the entire convertible loan and accrued interest payable (approximately $3.9 million as at 30 June 2016) by a specified date, which is to be no earlier than 10 business days after the date on which the notice is issued by the lenders. In order to service the settlement and debt obligations, it would have to raise capital from another party. If the Company was not able to raise the required capital, Ndovu and ECP, as secured creditors, may assume control of a number of RER's assets, including the Company's holding in Kalongwe. The Company would also need to consider funding alternatives to further develop its exploration assets and to continue as a going concern. Additionally, the funds raised under the Transaction will significantly aid the Company in progressing towards a development stage at the Kalongwe Project while also providing working capital in order for the Company to function properly. The Transaction will also create a cornerstone investor with proven experience in assisting companies moving from the exploration stage to the development stage.

2.4 Fairness

In section 13, we compared the value of an RER share prior to the Transaction on a controlling basis and the value of an RER share following the Transaction on a minority interest basis as detailed below.

Undiluted Scenario

	Ref	Low $	Preferred $	High $
Value of an RER share Pre-Transaction on a controlling basis	11.3	0.005	0.013	0.021
Value of an RER share Post-Transaction on a minority basis	12.1	0.006	0.008	0.009

Source: BDO analysis

Diluted Scenario

	Ref	Low $	Preferred $	High $
Value of an RER share Pre-Transaction on a controlling basis	11.3	0.005	0.013	0.021
Value of an RER share Post-Transaction on a minority basis	12.2	0.007	0.008	0.010

Source: BDO analysis

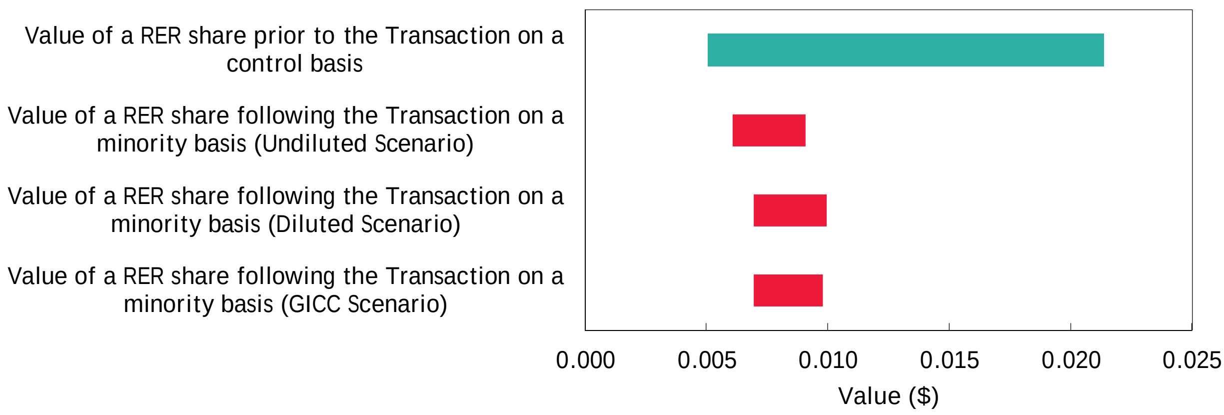
GICC Scenario

	Ref	Low $	Preferred $	High $
Value of an RER share Pre-Transaction on a controlling basis	11.3	0.005	0.013	0.021
Value of an RER share Post-Transaction on a minority basis	12.3	0.007	0.008	0.010

Source: BDO analysis

The above valuation ranges are graphically presented below:

Valuation Summary



The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 14 of this report, in terms of both

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
14.4	The Company will gain a controlling interest in Kalongwe	14.5	The Transaction is not fair
14.4	Funds raised would assist in the progress of RER's exploration and development projects	14.5	Dilution of current shareholdings
14.4	Reduces uncertainty surrounding the Company's future capital structure	14.5	Significant influence by Ndovu

ADVANTAGES AND DISADVANTAGES			
14.4	The Transaction will strengthen the Company's balance sheet, which may make it more attractive to potential investors	14.5	Presence of a significant controlling shareholder may deter any potential takeover offer or reduce the Company's ability to raise capital in the future
14.4	RER shareholders may benefit from the potential upside arising out of the increased holding in the Kalongwe Project		
14.4	Ability to utilise the management expertise of Ndovu and also strengthen its relationship with its key cornerstone investor		
14.4	Shareholders have the eligibility to participate in the rights issue on the same terms as Ndovu		

Other key matters we have considered include:

Section	Description
14.1	Alternative Proposals
14.2	Practical level of control
14.3	Consequences of not approving the Transaction

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

In the case of the Transaction, RER is seeking to issue shares to Ndovu which will increase its interest in the Company to above 20%, but less than 90%. Under the Transaction, Ndovu may go from holding a 13.23% interest in RER, to a maximum of 71.02% interest on a diluted basis.

Upon completion of the Transaction, the Company will also obtain a relevant interest in its own shares of over 20%, as a result of voluntary escrow arrangements over the Company's shares to be issued to Afrimines and Traxys.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of RER, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of RER have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

In determining whether the advantages of the Transaction outweigh the disadvantages, we have had regard to the views expressed by ASIC in RG 111. This Regulatory Guide suggests that an opinion as to whether the advantages of a transaction outweigh the disadvantages should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect it.

RG 111 suggests that an expert should assess whether a premium for control will be provided to the vendor of any shares. The greater any premium for control then the greater the advantages of undertaking the transaction must be to non-associated shareholders.

RG 111 sets out that the expert should inquire whether further transactions are planned between the entity, the vendor or their associates and if any are contemplated determine if these are at arm's length. RG 111 also suggests that an expert should consider whether the transaction will deter the making of a takeover bid.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of an RER share prior to the Transaction and the value of an RER share following the Transaction under three different scenarios (fairness – see Section 13 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 14 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

4.1 The Transaction

On 20 April 2016, RER announced that it had executed a number of agreements in order to become the majority controlling shareholder in Kalongwe, settle the Company's liability to Afrimines, clear the Company's financial liability to Ndovu and ECP, and raise capital in order to complete a definitive feasibility study on the Kalongwe Project. A summary of the agreements is set out below.

Acquisition of Traxys' interest in Kalongwe

Kalongwe is currently in the process of transferring 5% of its outstanding shares to the government of the Democratic Republic of Congo ('DRC'). Traxys currently holds a 30% interest in Kalongwe which will reduce to 28.5% upon the interest being transferred to the DRC government. The DRC government's interest will be free carried. RER will acquire Traxys' interest in Kalongwe for the following consideration:

- 199,071,002 RER shares at an issue price of $0.01 per share ('Traxys Shares'); and
- US$4 million cash.

The consideration will be adjusted to compensate Traxys for the amounts Traxys is required to pay to Kalongwe as part of its pro rata funding obligations. The adjustment will be either, at the election of the Company:

- the number of Traxys Shares issued will be increased by Traxys' contribution to Kalongwe, minus US$100,000; or
- the amount of cash to be paid to Traxys will be increased by Traxys' contribution to Kalongwe, minus US$200,000.

The shares issued to Traxys under the Transaction will be subject to a six month voluntary escrow period.

Acquisition of part of GICC's interest in Kalongwe

GICC currently holds a 40% interest in Kalongwe. Following the transfer of 5% of its interest to the DRC government i.e. a transfer of 2%, GICC will hold a 38% interest in Kalongwe. GICC's interest is free carried until a definitive feasibility study is completed. GICC has agreed to sell a 13% interest in Kalongwe to RER for the following consideration:

- 166,556,072 RER shares at an issue price of $0.01 per share ('GICC Shares'); and
- US$1.26 million cash (collectively the 'GICC Transaction').

RER's resultant interest in Kalongwe following the acquisition of interest from both Traxys and GICC, and post the 5% transfer to the DRC government, will be 70%, with GICC holding a 25% interest and the DRC government holding a 5% interest.

Ndovu Subscription Agreement

RER has executed a subscription agreement with Ndovu whereby the Company will issue 697,412,077 RER shares at an issue price of $0.01 per share ('Subscription Shares').

If the GICC Transaction does not occur, Ndovu will subscribe to 530,856,005 RER shares at an issue price of $0.01 instead of the Subscription Shares amount.

Amended Convertible Loan Agreement

On 18 December 2015 the Company announced that ECP was providing a further $1 million which would be aggregated into the convertible loan provided by Ndovu ('Convertible Loan'). On 20 April 2016, the convertible loan was amended further as per the following:

- Ndovu will provide an additional $1.1 million to RER (which was received by the Company on 2 May 2016);
- RER will pay a 3% establishment fee, satisfied by the issue of shares at $0.01 per share (which was paid by the Company via the issue of shares on 4 May 2016);
- the repayment date for the Convertible Loan will be extended from 18 June 2016 to 18 September 2016. However, if the Transaction is not approved, Ndovu or ECP may give notice to the Company that Ndovu/ECP requires repayment of the Convertible Loan within ten business days of the date of the notice ('Repayment Terms');
- upon completion of the Transaction, the loan will automatically be converted into RER shares ('Convertible Loan Shares'); and
- the conversion price of the loan will be reduced from $0.035 to $0.01 (provided the loan is converted as part of the Transaction).

Proposed Rights Issue

The Company intends to undertake a rights issue of up to 925,798,454 RER shares at an issue price of $0.01 per share. Ndovu will underwrite the rights issue and receive an underwriting fee amounting to 3% of the dollar amount of shares issued that are not part of Ndovu's allocation as a shareholder. The underwriting fee is to be paid by the issue of 12,581,798 shares at a deemed issue price of $0.01 per share ('Rights Issue Shares').

Afrimines Agreement

The Company has outstanding borrowings and deferred consideration arising from its involvement in the Regal SK joint venture with Afrimines. The Company also had an existing debt arising from a separate loan agreement with Afrimines. The borrowings and deferred consideration result in a liability of approximately $3.2 million owing to Afrimines. RER has executed an agreement whereby the Company will pay the following consideration to settle its liability to Afrimines:

- 159,256,802 RER shares at an issue price of $0.01 per share ('Afrimines Shares'); and
- US$1.2 million cash.

The shares issued to Afrimines under the Transaction will be subject to a six month voluntary escrow period.

Additional Issuances

The Company will also be issuing 20,000,000 shares ('Consultant Shares') to a consultant for services provided, and 69,749,429 to Mark Arnesen who is the nominee for the chief executive officer and executive director ('Director Shares').

4.2 Shareholding in RER following the Transaction

Prior to the Transaction, Ndovu holds 13.23% of the issued capital of RER. If Shareholders approve the Transaction, the potential change in shareholding, on an undiluted basis ('Undiluted Scenario') is summarised below. Unless otherwise noted the numbers contained in this Report have been rounded to the nearest whole number.

Undiluted Scenario	Ndovu	Other shareholders	Total
Existing shareholding:			
Number of shares on issue as at the date of our Report	29,556,495	193,902,601	223,459,096
% holdings as at the date of our Report	*13.23%*	*86.77%*	*100.00%*
Number of shares to be issued under the Transaction			
Convertible Loan	279,993,677	105,848,182	385,841,859
Subscription Shares	697,412,077	-	697,412,077
Consultant Shares	-	20,000,000	20,000,000
Director Shares	-	69,749,429	69,749,429
Traxys Shares	-	199,071,002	199,071,002
GICC Shares	-	166,556,072	166,556,072
Afrimines Shares	-	159,256,802	159,256,802
Rights Issue	938,380,252	-	938,380,252
Number of shares on issue following the Transaction	1,945,342,501	914,384,088	2,859,726,589
% shareholding	*68.03%*	*31.97%*	*100.00%*

Source: BDO analysis

We have also considered the impact on existing Shareholders from the exercise of options held by Ndovu ('Diluted Scenario'). As set out below, Ndovu could potentially hold up to 68.62% of the issued share capital of RER on a fully diluted basis.

Diluted Scenario	Ndovu	Other shareholders	Total
Number of shares on issue following the Transaction on an undiluted basis	1,945,342,501	914,384,088	2,859,726,589
Shares issued on exercise of options			
Existing Options	24,000,000	-	24,000,000
Convertible Loan Options	30,000,000	-	30,000,000
Maximum shareholding of investors on a fully diluted basis	1,999,342,501	914,384,088	2,913,726,589
% shareholding	*68.62%*	*31.38%*	*100.00%*

Source: BDO analysis

The options issued to Ndovu in December 2015 ('Convertible Loan Options') have an exercise price of $0.06 and the options issued to Ndovu when the initial convertible loan was established ('Existing Options') have an exercise price of $0.08. We note that both tranches of options are significantly out of the money and that a large appreciation in the Company's share price is required for Ndovu to exercise these options at a gain. However, we have presented the Diluted Scenario to show the impact of dilution on existing Shareholders' interest if Ndovu chooses to exercise the Convertible Loan Options and Existing Options. We note that both the Undiluted and Diluted Scenario assumes the GICC Shares are issued.

Dilution Without the GICC Transaction

We have considered the impact on Ndovu's and the other shareholders interest if the GICC Transaction, which is not inter-conditional on the other components of the Transaction, were not to occur ('GICC Scenario'). The potential shareholding under the GICC Scenario is considered in the table below.

GICC Scenario (undiluted)	Ndovu	Other shareholders	Total
Existing shareholding:			
Number of shares on issue as at the date of our Report	29,556,495	193,902,601	223,459,096
% holdings as at the date of our Report	*13.23%*	*86.77%*	*100.00%*
Number of shares to be issued under the Transaction			
Convertible Loan	279,993,677	105,848,182	385,841,859
Subscription	530,856,005	-	530,856,005
Consultant Shares	-	20,000,000	20,000,000
Director Shares	-	69,749,429	69,749,429
Traxys Shares	-	199,071,002	199,071,002
GICC Shares	-	-	-
Afrimines Shares	-	159,256,802	159,256,802
Rights Issue	938,380,252	-	938,380,252
Number of shares on issue following the Transaction	1,778,786,429	747,828,016	2,526,614,445
% shareholding	*70.40%*	*29.60%*	*100.00%*

Source: BDO analysis

We have considered the GICC scenario on a diluted basis in the table below.

GICC Scenario (diluted)	Ndovu	Other shareholders	Total
Number of shares on issue following the Transaction	1,778,786,429	747,828,016	2,526,614,445
Shares issued on exercise of options			
Existing Options	24,000,000	-	24,000,000
Convertible Loan Options	30,000,000	-	30,000,000
Maximum shareholding of investors on a fully diluted basis	1,832,786,429	747,828,016	2,580,614,445
% shareholding	*71.02%*	*28.98%*	*100.00%*

Source: BDO analysis

Management has indicated that the GICC Transaction is likely to occur.

5. Profile of RER

5.1 History

RER was incorporated on 11 September 2003 and officially listed on the ASX on 28 June 2005. The Company is focused on the exploration of high grade copper projects in the DRC. The current directors of RER are:

- Mr David Young, Non-Executive Director;
- Mr John Hodder, Non-Executive Director;
- Dr Simon Dorling, Non-Executive Director; and
- Dr Peter Ruxton, Non-Executive Director.

Set out below is a brief description of the Company's projects.

Kalongwe Copper-Cobalt Project

The Kalongwe Project is located towards the western end of the Central African Copperbelt. It is situated approximately 15 kilometres ('km') south from Ivanhoe Mines Limited's ('Ivanhoe') Kamoa deposit (considered to be Africa's largest recent high-grade copper discovery) and approximately 45 km from Kolwezi, an established mining centre in the Katanga province DRC.

RER holds 30% of Kalongwe, a DRC registered company, with the remaining interest held by Traxys and GICC. RER, Traxys and GICC are currently in the process of transferring 5% of the interest in Kalongwe to the DRC government which will bring the Company's interest down to 28.50%. Exploration and development costs are jointly funded by the Company and Traxys.

In 2014, the Company commenced a 12 hole drill program, with the main objective being to validate the drill results obtained by Ivanhoe.

In July 2014, the Company announced a maiden JORC compliant Mineral Resource estimate for the Kalongwe Mining JV.

During February 2015, the Company announced an updated and revised JORC compliant Mineral Resource estimate for the Kalongwe deposit based upon data obtained from a total of 98 holes (16,471 m) that includes historic drill holes as well as the Phase I and Phase II diamond drill holes.

On 21 April 2015, the Company announced the outcomes of a Scoping Study undertaken to evaluate the technical and economic viability of developing the Kalongwe deposit as a standalone open pit mining operation. On 29 October 2015, RER announced that Kalongwe Mining had been granted an exploitation permit for the Kalongwe Project by the DRC Minister of Mines.

Regal-Ivanhoe Joint Venture

During April 2015, the Company announced the signing of a binding conditional Joint Venture Memorandum of Agreement ('JVMOA') with 100% owned subsidiaries of Ivanhoe with the ability to acquire a 98% interest in prospective tenements located near the western end of the Central African Copperbelt in the Katanga Province, DRC. This interest may be acquired through performing geological work on the tenements. The JVMOA covers approximately 400km^2 of highly prospective exploration terrain.

The Company has reviewed a summary information data set provided by Ivanhoe for the Joint Venture area and has identified the following five high priority targets:

- Kasangasi Prospect;
- Mukansa Prospect;
- Monwezi West Prospects;
- Kambundji East Prospect; and
- Mamba Prospects.

The Company is currently completing a detailed technical review of historic exploration results for the area.

Further information on the Company's projects can be found in Appendix 3.

5.2 Historical Balance Sheet

Statement of Financial Position	Reviewed as at 31-Dec-15 $	Audited as at 30-Jun-15 $	Audited as at 30-Jun-14 $
CURRENT ASSETS			
Cash and cash equivalents	1,329,503	1,597,497	2,426,497
Trade and other receivables	204,556	87,608	326,695
Other current assets	20,104	23,257	39,925
TOTAL CURRENT ASSETS	1,554,163	1,708,362	2,793,117
NON-CURRENT ASSETS			
Investments accounted for using the equity method	4,033,685	3,717,478	1,457,677
Trade and other receivables	-	-	449,030
Available-for-sale financial assets	-	93,000	70,200
Property, plant and equipment	-	-	296,383
Intangibles	-	-	12,751
Exploration and evaluation	192,552	131,214	9,086
TOTAL NON-CURRENT ASSETS	4,226,237	3,941,692	2,295,127
TOTAL ASSETS	5,780,400	5,650,054	5,088,244
CURRENT LIABILITIES			
Trade and other payables	2,367,111	2,226,506	1,692,550
Borrowings	876,243	788,267	530,842
TOTAL CURRENT LIABILITIES	3,243,354	3,014,773	2,223,392
TOTAL LIABILITIES	3,243,354	3,014,773	2,223,392
NET ASSETS	2,537,046	2,635,281	2,864,852
EQUITY			
Issued capital	42,711,418	42,748,463	39,734,129
Convertible loan	2,500,000	1,500,000	-
Reserves	14,181,190	14,151,983	13,899,460
Accumulated losses	(56,855,562)	(53,738,634)	(49,264,966)
Equity attributable to the owners of Regal Resources Limited	2,537,046	4,661,812	4,368,623
Non-controlling interest	-	(2,026,531)	(1,503,771)
TOTAL EQUITY	2,537,046	2,635,281	2,864,852

Source: RER's reviewed financial statements for the half year ended 31 December 2015 and audited financial statements for the year ended 30 June 2014 and 30 June 2015

Commentary on Historical Statement of Financial Position

We note that RER's auditor issued an Emphasis of Matter paragraph in the reviewed financial report for the half year ended 31 December 2015. Given that the Company incurred an operating loss before tax of

$3.12 million and had net cash outflows from operating activities of $0.83 million, the auditor outlined the existence of a material uncertainty regarding the Company's ability to continue as a going concern, and therefore, the Company being unable to realise its assets and discharge its liabilities in the normal course of business.

We note the following in relation to RER's Historical Statement of Financial Position:

- The decrease in cash and cash equivalents from $2.43 million at 30 June 2014 to $1.60 million at 30 June 2015 was primarily attributable to an investment in Kalongwe Mining of $2.76 million during the period. The movement in cash was partially offset by the issue of $1.5 million of convertible notes to Ndovu and raising $3.06 million through the issue of shares to Ndovu and Sprott Inc.
- Investments accounted for using the equity method of $4.03 million at 31 December 2015 relates to the Company's 30% interest in Kalongwe Mining.
- Available for sale assets increased from $0.07 million at 30 June 2014 to $0.09 million at 30 June 2015 as a result of the reversal of an impairment charge of $0.02 million being recognised in the period.
- Exploration and evaluation assets relates to expenditure for work carried out on the Company's tenements.
- Trade and other payables of $2.37 million at 31 December 2015 primarily comprised of $1.58 million payable to Afrimines Resources SPRL in relation to the South Kivu acquisition costs, which is able to be settled through the issue of shares in RER.
- Current borrowings increased from $0.53 million as at 30 June 2014 to $0.79 million at 30 June 2015 due to capitalised interest and an adjustment for foreign exchange rate movements. Borrowings relates to a loan provided by Afrimines.
- Issued capital increased from $39.73 million at 30 June 2014 to $42.75 million as at 30 June 2015. The increase was attributable to the following capital raising rounds:
  - On 2 December 2014, the Company announced the completion of a share placement with an affiliate of Sprott Inc, raising $2 million at $0.05 per share; and
  - On 12 February 2015, the Company announced the completion of a share placement with Ndovu, raising $1.2 million at $0.05 per share.

5.3 Historical Statement of Profit or loss and Other Comprehensive Income

Statement of Comprehensive Income	Reviewed for the half year ended 31-Dec-15 $	Audited for the half year ended 30-Jun-15 $	Audited for the half year ended 30-Jun-14 $
Interest income	24,060	17,336	68,022
Expenses			
Impairment of exploration expenditure	(4,844)	(282,623)	(13,478,423)
Consulting expense	(88,042)	(342,143)	(889,941)
Employee benefits expense	(350,418)	(729,305)	(573,217)
Share based payments	-	(57,884)	(117,734)
Depreciation and amortisation expense	-	(51,696)	(77,844)
Impairment of available for sale financial assets	(22,124)	22,800	(186,509)
Impairment of intangible assets	-	(16,555)	(5,038)
Impairment of trade and other receivables	-	(489,269)	-
Impairment of property, plant and equipment	(23,561)	(248,973)	-
Site care and maintenance costs	58,298	(832,942)	-
Rehabilitation	-	(58,850)	-
Share of net loss of associate	(200,191)	(502,255)	(179,166)
Loss on sale of subsidiary (Maniema)	-	(7,352)	-
Loss recognised on disposal of Regal SK	(2,015,441)		-
Foreign exchange loss	(139,411)	(404,631)	-
Finance costs	(45,255)	(142,665)	(68,132)
Compliance and regulatory costs	-	(36,638)	-
Occupancy expenses	(8,667)	(60,798)	-
Other expenses	(301,332)	(879,859)	(380,688)
Loss from continuing operations before income tax	(3,116,928)	(5,104,302)	(15,888,670)
Income tax benefit	-	361,387	-
Loss from continuing operations after income tax	(3,116,928)	(4,742,915)	(15,888,670)
Foreign currency translation differences	22	-	(646,652)
Net change in fair value of available for sale instruments	-	-	(13,400)
Total comprehensive loss for the year	(3,116,906)	(4,742,915)	(16,548,722)

Source: RER's reviewed financial statements for the half year ended 31 December 2015 and audited financial statements for the year ended 30 June 2014 and 30 June 2015

Commentary on Statement of Profit or Loss and Other Comprehensive Income

We note the following in relation to RER's Historical Statement of Profit or Loss and Other Comprehensive Income:

- Share of net loss of associate of $0.5 million for the year ended 30 June 2015 relates to the Company's interest in the Kalongwe project.
- During the year ended 30 June 2015, the Company recorded an impairment charge against assets held by its subsidiary, Regal SK SPRL in the DRC. The activities of this subsidiary currently relate to site care and maintenance. The impairment charge primarily related to property, plant and equipment of $0.25 million and taxes receivable of $0.49 million.
- Loss recognised on disposal of Regal SK relates to the Company's withdrawal from the Regal SK joint venture with Afrimines. Regal transferred its 50% interest in the joint venture to Afrimines, causing the Company to register a loss of $2.02 million.

5.4 Capital Structure

The share structure of RER as at 4 May 2016 is outlined below:

	Number
Total ordinary shares on issue	223,459,096
Top 20 shareholders	141,926,691
Top 20 shareholders - % of shares on issue	63.51%

Source: Share registry information

The range of shares held in RER as at 4 May 2016 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	240	106,778	0.05%
1,001 - 5,000	328	788,546	0.35%
5,001 - 10,000	158	1,142,767	0.51%
10,001 - 100,000	342	12,556,270	5.62%
100,001 - and over	183	208,864,735	93.47%
TOTAL	1,251	223,459,096	100.00%

Source: Share registry information

The ordinary shares held by the most significant shareholders as at 4 May 2016 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Tembo Capital (NDOVU Capital VI BV)	29,556,495	13.23%
JP Morgan Nominees Australia	22,485,384	10.06%
UBS Nominees Pty Ltd	18,112,334	8.11%
Merrill Lynch (Australia) Nominees Pty Ltd	12,926,001	5.78%
Auralandia Pty Ltd	11,315,241	5.06%
Subtotal	94,395,455	42.24%
Others	129,063,641	57.76%
Total ordinary shares on Issue	223,459,096	100.00%

Source: Share registry information

Options of RER outstanding as at 4 May 2016 are outlined below:

Terms	Number of options
Options exercisable at $0.08 on or before 31 October 2017	22,000,000
Options exercisable at $0.08 on or before 2 December 2017	21,100,000
Options exercisable at $0.08 on or before 28 October 2017	18,900,000
Options exercisable at $0.08 on or before 10 February 2018	24,000,000
Total options on issue	86,000,000

Source: Share registry information

6. Profile of Tembo/Ndovu

Tembo Capital Mining Fund Group ('Tembo') is a mining private equity fund specialising in Africa and other emerging markets. The group is managed by Tembo Capital Mining GP Ltd and advised by Tembo Capital LLP.

Tembo invests in private and publicly listed natural resources companies who are currently in the evaluation, development and production phases. Tembo seeks to develop a risk weighted portfolio of investments across commodities, geographies and investment stage. Tembo has exposure to a wide range of commodities including gold, copper, mineral sands, coal, aluminium and platinum.

Tembo has a focus on junior and mid-tier evaluation, development and producing companies which are seeking to drill to expand known resources, are engaged in building production facilities or are existing producers pursuing growth opportunities.

Tembo presently has three investment principals who oversee its investments – John Hodder, Dr Peter Ruxton and David Street.

Ndovu is an affiliate of Tembo.

7. Economic analysis

Economic growth

The global economy is experiencing moderate growth, with further softening of conditions in China and East Asia being offset by stronger growth in the United States of America ('U.S.') and recovering European markets. Key commodity prices have fallen significantly and reflect increased world supply, including from Australia, in addition to weaker demand. This has resulted in the decline of Australia's terms of trade.

The Australian economy has continued to expand at a moderate pace, albeit at a rate below longer-term averages. Scarce business capital expenditure in both the mining and non-mining sectors has contributed to subdued growth levels, a trend expected to persist over the coming year. Furthermore, investment in the resources sector is forecast to decline significantly over the next few years as current projects reach completion stages.

Employment levels have exhibited some growth, accompanied by a steady rate of unemployment over the past year; however, the economy is likely to be operating with a degree of spare capacity for some time yet. Inflation is low, and due to subdued growth in labour costs, is likely to remain low for the next year or two.

Interest rates

The Reserve Bank of Australia ('RBA') decided to leave the cash rate unchanged at 2.00% for the month of March 2016. However, the governor Glenn Stevens has stated that the RBA expects to begin increasing its policy rate during 2016.

The RBA's decision to maintain low interest rates has been made in order to support borrowing and spending in the Australian economy. Credit is recording moderate growth overall, driven by stronger borrowing by businesses and increased lending to the housing market in recent months.

Globally, financial conditions remain very accommodative. Despite fluctuations in markets associated with the respective developments in China and Europe, long-term borrowing rates for most sovereigns and creditworthy private borrowers remain remarkably low.

Foreign Exchange

Foreign exchange markets have continued to be influenced by the stance, both current and prospective, of monetary policy in the major advanced economies. The Australian dollar has depreciated against a rising U.S. dollar over the past year, though less so against a basket of currencies. Further depreciation seems both likely and necessary, particularly given the significant decline in key commodity prices. A lower exchange rate is likely required in order to achieve balanced growth in the economy.

Commodity prices

Commodity prices have declined over the past year, in some cases sharply. After falling dramatically throughout 2015, oil and iron ore prices have exhibited increases in 2016, albeit not back to a level near their highs. These trends can be attributed to a combination of lower growth in demand and increased supply. Low energy prices will act to strengthen global output and temporarily lower CPI inflation rates.

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision* 5 April 2016

Implications for RER

Weakening global commodity prices, Australia's declining terms of trade and weak domestic growth will make it even more challenging for RER to raise capital in the Australian financial markets. RER may be positively affected by low borrowing rates, as investors seek investments returning higher yields relative to the lower yields that long term interest rates can provide. A weaker Australian dollar is likely to attract additional foreign investment in Australian assets. If RER starts producing copper and cobalt, the Company will benefit from the strong US dollar when bringing profits back to Australia.

The ability to borrow or raise funds is critically important for RER given the existence of a material uncertainty surrounding the Company's ability to continue as a going concern as raised by its auditors in the Company's reviewed financial statements for the year ended 31 December 2015.

8. Industry analysis

8.1. Overview of the copper industry

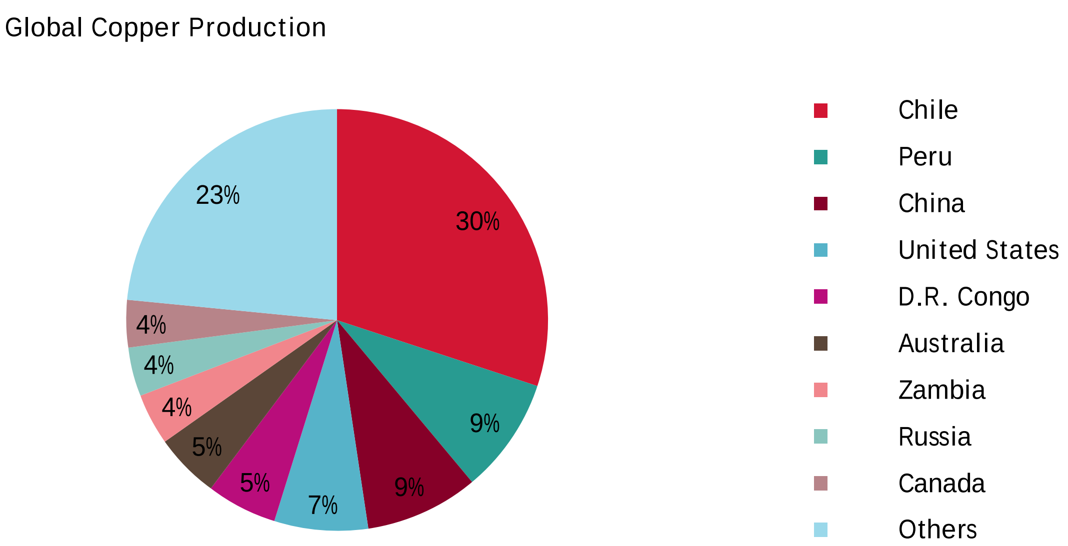
Copper is a soft malleable, ductile metal used primarily for its excellent electrical and thermal conductive properties and its resistance to corrosion. As well as electrical and electronic applications, copper is utilised extensively as an alloy. Copper is produced from oxide or sulphide ore from which it is converted to copper metal.

The majority of copper ore bodies can be classified as either porphyries (where copper occurs in igneous rock) or strata bound ore bodies (sedimentary rock), or volcanic hosted massive sulphide deposits (volcanic rock along with other base metal sulphides). In these deposits, copper is mined in very low concentrations and consequently is a volume intensive process.

8.2. Supply and demand

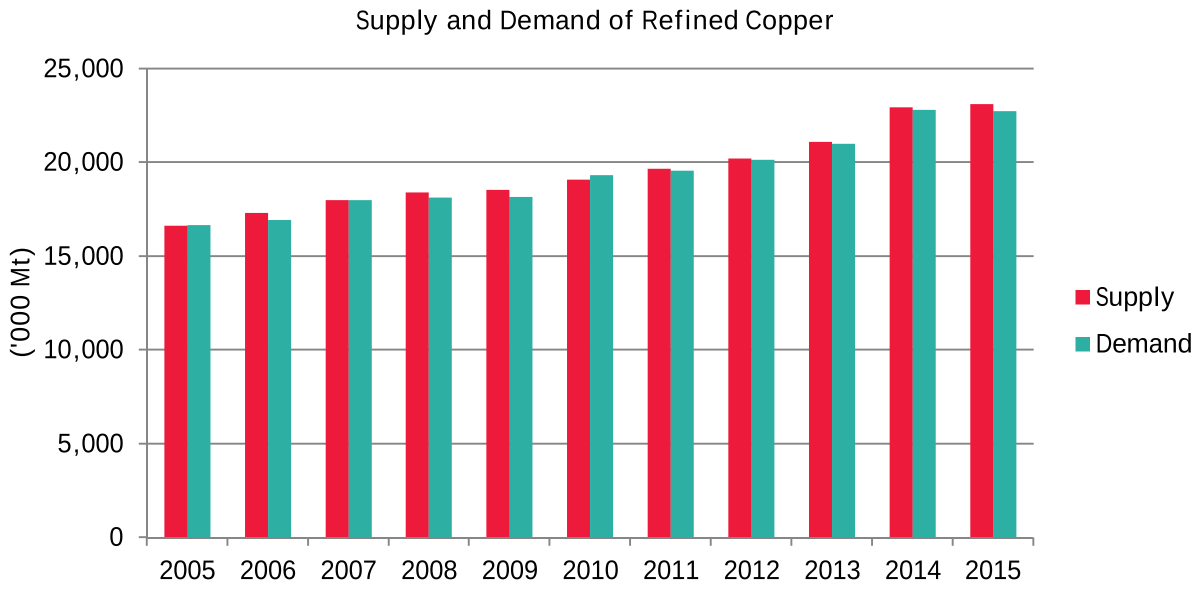
Production of copper is largely dominated by large integrated international players, with the four largest players accounting for an estimated 63.8% of the industry revenue in 2014/15. Most of the world's copper comes from South and Central America, particularly in Chile and Peru. In the year to December 2015, Chile and Peru accounted for approximately 39% of the world's copper production.

The graph below shows the split between the different country's productions for the year to December 2015:



Source: Bloomberg and BDO analysis

Set out below is the supply and demand for copper since 2005.



Source: Bloomberg

Since 2006, the copper industry has experienced increasing demand as a result of rising consumer demand due to increased economic growth in developing nations. Global demand for copper is largely attributable to China, which accounts for approximately 35% of the world's consumption.

According to the International Copper Study Group, in 2014, the world's apparent usage is estimated to have increased by 8% to 22.9 million tonnes compared with that in 2013. Demand for copper from Asia accounted for 62% of end usage in 2014. The sectors that were the predominant end users of copper were building construction and equipment manufacturing.

Mined production of copper was approximately 17.5 million tonnes in 2014, with mining capacity expected to reach 27.5 million tonnes in 2018. Chile currently accounts for almost one third of copper mine production, with China, the United States, Peru and Australia being other significant contributors to supply. There are currently a number of constraints to copper supply, including declining ore grades and price volatility leading to limited project finance.

In 2014, the world's refined production increased by approximately 8% compared with mine production in 2013, with the main contributors being China, India and the DRC. Despite the increase, output from Chile, the world's second largest copper producer declined by 2%.

Source: International Copper Study Group, IBIS World

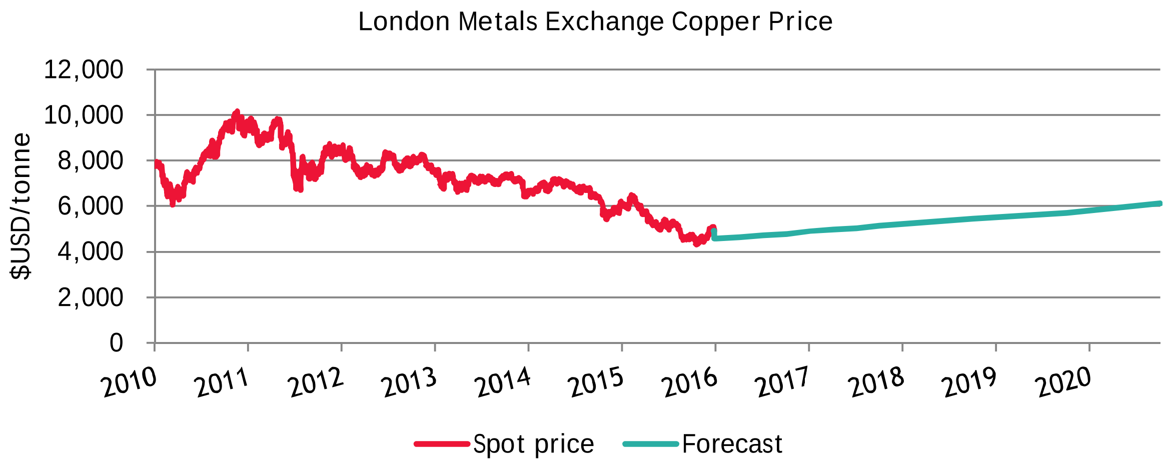
8.3. Prices

Copper is a global commodity and, as such, prices are determined by global supply and demand factors. Due to this, copper prices have historically reflected global economic cycles and experienced major fluctuations, reflecting equity market movements.

At the beginning of 2008, supply concerns, falling inventories and increased demand from emerging economies provoked a significant and accelerated rise in the copper price. The onset of the global financial crisis saw the price of copper fall in 2009.

Subsequent to 2009, the price of copper showed signs of recovery, with continued expansion of the economies of large developing countries such as China and India being the driving forces. At the beginning of 2011, copper prices reached a peak of just over US$10,000/t.

In 2012, the price of copper declined as a result of increasing copper production due to higher copper prices experienced in the previous period and slower growth in China and India. Furthermore, the developing debt crisis in the U.S, European Union and Japan constrained growth in these regions, resulted in reduced demand.



Source: Bloomberg, Consensus Economics and BDO analysis

Copper prices continued to decline throughout 2014 and 2015 as part of a sector wide decrease in prices. The drop in commodity prices has been primarily driven by weakening demand from China and increasing supply coming on to the market from both stockpiles and production. Copper prices have recently stabilised between US$4,500 and US$5,000 per tonne. From 2015-2018, it is estimated that global copper production is expected to increase at an average rate of 8.55% per annum, reaching 27.5 million tonnes. The increase is largely contributed by additional copper mines operating in Peru, Chile, Indonesia and DRC.

8.4. Outlook

Since the peak experienced in 2011, prices have stabilised at around US$4,500 per tonne and are expected to stay at approximately US$5,000 from 2016 to 2018.

In the mid to long term, it is expected that growth in OECD countries is expected to contribute to global rising copper demand. Demand for copper from Japan is expected to grow, reflecting the rebuilding of housing, commercial buildings and infrastructure destroyed by the tsunami that affected Japan in 2011. Furthermore, the gradual return of stronger economic growth will drive demand from the United States and Germany, in particular the construction and manufacturing industry. Outside the OECD, growth in copper consumption is expected to be driven by China and India. Growth in residential construction along with the Chinese Government's expansion in the provision of electricity supply are expected to be the primary drivers of copper consumption in China.

9. Profile of the Democratic Republic of Congo

9.1 Economy

Since the ending of the civil war in 2003, DRC has experienced economic growth at more than 5% per annum (excluding 2009). In 2013, DRC's economy remained strong, with growth in GDP of 9.00% per annum compared to 8.48% per annum in 2013. The growth was largely attributable to mining, trade, construction and agriculture. Set out below is the annual GDP Growth of DRC from 2004 to 2014.

GDP% growth	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
DRC	6.74	6.14	5.32	6.26	6.23	2.86	7.08	6.86	7.16	8.48	9.00

Source: World Bank

Mining has been the main driving force behind the growth, and this has resulted in increased investment in the reconstruction of roads and infrastructure. In early 2008, approximately US$6 billion was invested by the Chinese for a number of infrastructure projects. Such projects included 2,400 miles of road and 2,000 miles of railways.

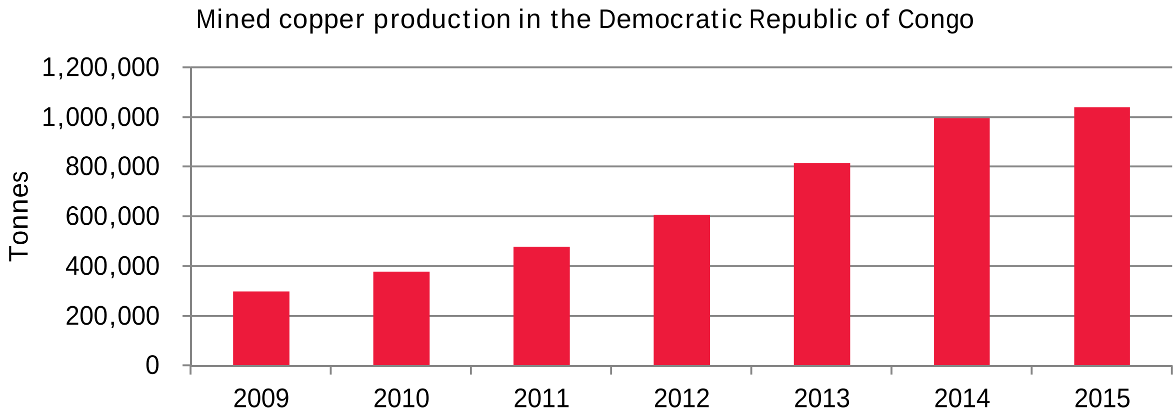
Despite DRC experiencing growth of 9.00% in 2014, the labour market remains very small with little increase in real wages and remains one of the poorest countries in the world as it is faced with social challenges.

9.2 Copper mining industry in DRC

DRC is rich in natural resources in particular copper, cobalt and gold. The majority of resource extraction is conducted by artisanal mining. However, the introduction of a mining code in 2002 has seen a large attraction of investment in DRC mining projects. A number of DRC's mining activities are managed by the state-controlled La Generale des Carrieres et des Mines.

The Central African Copper belt lies within the DRC and Zambia, which is the largest mineralised sediment-hosted copper province known on earth. The majority of copper produced from DRC and Africa comes from this region. Currently, it is estimated that DRC is the fifth largest producer of copper worldwide with approximately 5.5% of global supply mined from the Central African Copper belt.

Illustrated below is DRC's production of copper from 2009 to 2015.



Source: Bloomberg

Copper production in 2015 totalled 1,039,007 tonnes, representing an increase of 43,407 tonnes compared to 2014. In May 2014, DRC overtook Zambia as the largest copper producer in Africa, partially as a result from the increased investment in infrastructure providing a more accommodative environment for mines.

10. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of RER shares we have chosen to employ the following methodologies:

Assessment of the value of an RER share prior to the Transaction

In our assessment of the value of an RER share prior to the Transaction, we have chosen to employ the following methodologies:

- NAV approach as our primary method; and
- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- As RER is an exploration company, its core value is in the exploration assets that it holds. We have instructed Ravensgate Mineral Industry Consultants ('Ravensgate') to act as an independent specialist and to provide an independent market valuation of the Company's material exploration assets in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 ('the Valmin Code'). Ravensgate's full report may be found in Appendix 3. We have considered this in the context of RER's other assets and liabilities on a NAV basis;
- The QMP basis is a relevant methodology to consider because RER's shares are listed on the ASX. This means there is a regulated and observable market where RER's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company's shares should be liquid and the market should be fully informed as to its activities. We have considered these factors in section 11.2 of our Report;
- RER does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- RER has no foreseeable future net cash inflows and therefore the application of the DCF valuation approach is not appropriate. Under RG111, it is considered that it is only appropriate to use a DCF where reserves are present. RER is yet to delineate reserves on any of its exploration assets.

Assessment of the value of an RER share following the Transaction

In our assessment of the value of an RER share following the Transaction we have adopted the NAV methodology.

The value of an RER share following the Transaction will involve the following items:

- The value of RER prior to the Transaction;
- Incorporate the effects of the Transaction in the context of RER's other assets and liabilities on a NAV basis; and
- The number of shares on issue will incorporate the shares to be issued under the Transaction. A detailed breakdown of the shares to be issued is supplied in section 4 of our Report. Shareholder approval is being sought for the maximum number of shares to be issued. We have valued the Company and the effects of the Transaction on an undiluted basis, a diluted basis which assumes Ndovu's options are exercised and under the scenario where the GICC Transaction does not occur.

11. Valuation of RER prior to the Transaction

11.1 Net Asset Valuation of RER

The value of RER assets on a going concern basis is reflected in our valuation below:

	Notes	31-Dec-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	a	1,329,503	1,662,965	1,662,965	1,662,965
Trade and other receivables	b	204,556	36,503	36,503	36,503
Other current assets		20,104	20,104	20,104	20,104
TOTAL CURRENT ASSETS		1,554,163	1,719,572	1,719,572	1,719,572
NON-CURRENT ASSETS					
Exploration and evaluation		192,552	192,552	192,552	192,552
Investments accounted for using the equity method	c	4,033,685	6,535,728	8,365,728	10,185,728
TOTAL NON-CURRENT ASSETS		4,226,237	6,728,280	8,558,280	10,378,280
TOTAL ASSETS		5,780,400	8,447,852	10,277,852	12,097,852
CURRENT LIABILITIES					
Trade and other payables	d	2,367,111	2,588,621	2,588,621	2,588,621
Borrowings	e	876,243	4,734,662	4,734,662	4,734,662
TOTAL CURRENT LIABILITIES		3,243,354	7,323,283	7,323,283	7,323,283
TOTAL LIABILITIES		3,243,354	7,323,283	7,323,283	7,323,283
NET ASSETS		2,537,046	1,124,569	2,954,569	4,774,569
Shares on issue (number)		223,459,096	223,459,096	223,459,096	223,459,096
Value per share ($)			$0.005	$0.013	$0.021

Source: BDO analysis

The above figures for cash and cash equivalents, trade and other receivables, and trade and other payables have not been audited and reflect a position as at 31 March 2016 only to the extent of material adjustments made to the 31 December 2015 balances. We have not undertaken a review of RER's financial position as at 31 March 2016 in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest that the financial information derived from the material adjustments made, has not been prepared on a reasonable basis.

The table above indicates the net asset value of an RER share is between $0.005 and $0.021, with a preferred value of $0.013.

Note a: Cash and cash equivalents

The Company's cash and cash equivalents balance has been adjusted for the period to 31 March 2016 due to cash calls from Kalongwe, payment of creditors and the payment of legal, director and administrative fees, these payments have been offset by the bridge loan provided by Ndovu under the Convertible Loan.

Note b: Trade and other receivables

The Company's trade and other receivables balance has been reduced due to the Company receiving payment from debtors during the period from 31 December 2015 to 31 March 2016.

Note c: Investments accounted for using the equity method

The Company's investments accounted for using the equity method relates to its 28.5% interest in Kalongwe. The value adopted represents the price RER would receive if it were to sell its interest in Kalongwe.

Valuation of RER's mineral assets

We instructed Ravensgate to provide an independent market valuation of the exploration assets held by RER through its ownership stake in the Kalongwe Project.

Ravensgate considered it appropriate to value the Kalongwe Project's resource using a comparable transactions method. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider this method to be appropriate given the pre-feasibility stage of development for RER's exploration assets.

The range of values for the Kalongwe Project is set out below:

RER	Low value	Preferred value	High value
Kalongwe Project	$	$	$
Ravensgate valuation of the Kalongwe Project	22,456,140	28,877,193	35,263,158

Source: Ravensgate Independent Valuation Report

Ravensgate has not independently valued RER's other exploration leases as they are not expected to be material at this stage in their development. As such we have not adjusted the value of exploration and evaluation expenditure.

The range of values for Kalongwe, and RER's 28.50% interest in Kalongwe is set out below:

Statement of Financial Position	Reviewed as at 31-Dec-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS				
Cash and cash equivalents	73,689	73,689	73,689	73,689
Prepaid expenses	10,983	10,983	10,983	10,983
Deposits and guarantees	29,748	29,748	29,748	29,748
Value added tax	334,770	334,770	334,770	334,770
Trade and other receivables	265	265	265	265
Inventory	74,102	74,102	74,102	74,102
TOTAL CURRENT ASSETS	523,557	523,557	523,557	523,557
NON-CURRENT ASSETS				
Intercompany loan	12,467	12,467	12,467	12,467
Exploration projects	-	22,456,140	28,877,193	35,263,158
Property, plant and equipment	131,245	131,245	131,245	131,245
Intangibles	66,357	66,357	66,357	66,357
TOTAL NON-CURRENT ASSETS	210,069	22,666,209	29,087,262	35,473,227
TOTAL ASSETS	733,626	23,189,766	29,610,819	35,996,784
CURRENT LIABILITIES				
Accrued expenses	50,299	50,299	50,299	50,299
Salary control	20,196	20,196	20,196	20,196
Accounts payable	186,389	186,389	186,389	186,389
TOTAL CURRENT LIABILITIES	256,884	256,884	256,884	256,884
NON-CURRENT LIABILITIES				
Tax provision	503	503	503	503
TOTAL NON-CURRENT LIABILITIES	503	503	503	503
TOTAL LIABILITIES	257,387	257,387	257,387	257,387
NET ASSETS	476,239	22,932,379	29,353,432	35,739,397
RER's holding prior to the Transaction		28.5%	28.5%	28.5%
Value of RER's interest in Kalongwe		6,535,728	8,365,728	10,185,728

Source: Kalongwe's reviewed financial statements as at 31 December 2015

The table above indicates a range of values between $6.54 million and $10.19 million, with a preferred value of $8.37 million.

The core value of Kalongwe lies in the exploration assets that it holds. The other assets and liabilities do not have a material impact on the value of the interest held indirectly by RER. We have not performed any review procedures around these balances, however, nothing has come to our attention that would suggest the market value of Kalongwe's other assets and liabilities materially differ from its book values.

Note d: Trade and other payables

The Company's trade and other payables balance has been increased due to an increase in the amount payable to Afrimines accruing during the period from 31 December 2015 to 31 March 2016.

Note e: Borrowings

The Repayment Terms under the Convertible Loan state that if the Transaction is not approved, Ndovu or ECP may give notice that Ndovu/ECP require repayment of the Convertible Loan within ten business days. This amendment effectively changes the Convertible Loan to a debt obligation, therefore we have included it as a liability when arriving at a NAV prior to the Transaction.

Borrowings also include a debt obligation to Afrimines.

11.2 Quoted Market Prices for RER Securities

To provide a comparison to the valuation of RER in Section 10, we have also assessed the quoted market price for an RER share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst Ndovu will not be obtaining 100% of RER, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 14.

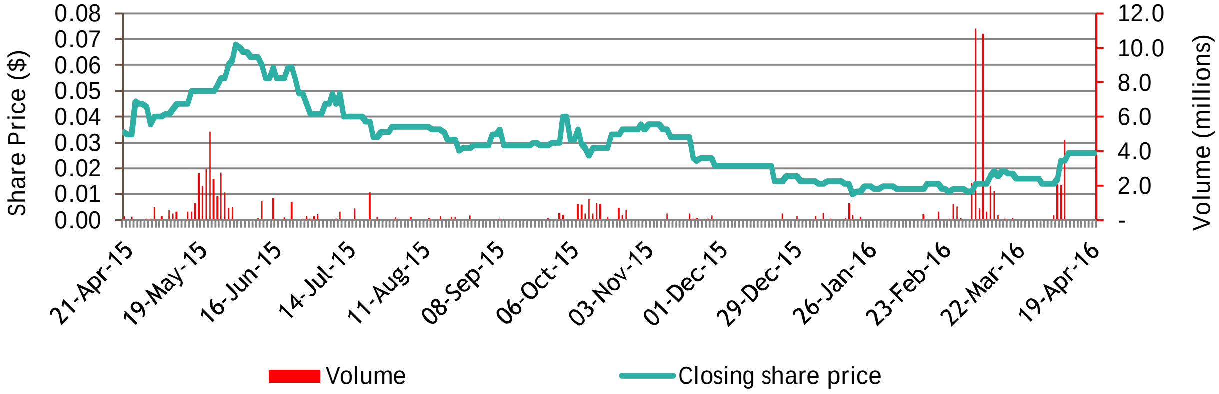
Therefore, our calculation of the quoted market price of an RER share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of an RER share is based on the pricing prior to the announcement of the Transaction. This is because the value of an RER share after the announcement may include the effects of any change in value as a result of the Transaction. However, we have considered the value of an RER share following the announcement when we have considered reasonableness in Section 14.

Information on the Transaction was announced to the market on 20 April 2016. Therefore, the following chart provides a summary of the share price movement over the twelve months to 19 April 2016 which was the last trading day prior to the announcement.

RER share price and trading volume history



Source: Bloomberg and BDO Analysis

The daily price of RER shares from 20 April 2015 to 19 April 2016 has ranged from a low of $0.010 on 23 February 2016 to a high of $0.068 on 2 June 2015. From 1 June 2015 to 9 March 2016, RER's share price displayed a downward trend. It has since trended upwards, closing at $0.026 per share on 19 April 2016. The highest single day of trading was on 7 March 2016, when approximately 11.14 million shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
13/04/2016	Suspension	0.026	▶	0.0%	0.026	▶	0.0%
11/04/2016	Trading Halt	0.026	▶	0.0%	0.026	▶	0.0%
26/02/2016	Kalongwe Mining Update	0.012	▶	0.0%	0.011	▼	8.3%
29/01/2016	Quarterly Cashflow Report	0.013	▲	8.3%	0.013	▶	0.0%
29/01/2016	Quarterly Activities Report	0.013	▲	8.3%	0.013	▶	0.0%
18/12/2015	Corporate update	0.021	▶	0.0%	0.015	▼	28.6%
18/12/2015	Reinstatement to Official Quotation	0.021	▶	0.0%	0.015	▼	28.6%
18/12/2015	Funding update	0.021	▶	0.0%	0.015	▼	28.6%
02/12/2015	Suspension from Official Quotation	0.021	▶	0.0%	0.021	▶	0.0%
30/11/2015	Trading Halt	0.021	▶	0.0%	0.021	▶	0.0%
26/11/2015	Financing update	0.024	▶	0.0%	0.021	▼	12.5%
30/10/2015	1st Quarter Activities and Cashflow Report - 30 Sept 2015	0.037	▲	5.7%	0.037	▶	0.0%
29/10/2015	Kalongwe Mining SA Receives Mining Licence	0.035	▶	0.0%	0.037	▲	5.7%
03/08/2015	4th Quarter Activities and Cashflow Report - 30 June 2015	0.036	▶	0.0%	0.036	▶	0.0%

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
31/07/2015	Kalongwe Mining Permit Conversion Update	0.036	►	0.0%	0.036	►	0.0%
28/05/2015	Regal Secures $1.5m Conv Note to Support New Exploration	0.060	▲	9.1%	0.067	▲	11.7%
30/04/2015	3rd Quarter Activities and Cashflow Report - 31 Mar 2014	0.040	▲	8.1%	0.041	▲	2.5%
24/04/2015	Clarification Announcement – Regal Signs MOA With Ivanhoe	0.045	▼	2.2%	0.037	▼	17.8%
22/04/2015	MOA With Ivanhoe To Explore Prospective Permits In DRC MOA	0.033	►	0.0%	0.045	▲	36.4%
21/04/2015	Kalongwe Project Delivers Significant Scoping Study Outcomes	0.033	▼	2.9%	0.045	▲	36.4%

On 21 April 2015, the Company announced the completion of the study undertaken to assess the technical and economic feasibility of developing a HMS Stage 1- starter project at the Kalongwe Project to produce a high grade copper/cobalt concentrate. The study results indicated potential for an economically viable stand-alone project employing conventional mining and processing methods coming in the DRC Copperbelt. The study results also highlighted opportunities to improve the Kalongwe Project economics through mine pit and scheduling optimisation techniques and other cost savings. This was followed by the Company announcing a binding agreement with Ivanhoe for the ability to acquire a 90% interest in highly prospective part of the western Katangan Copperbelt.

On 28 May 2015, the Company announced that it had obtained $1.5 million of funding through a convertible loan provided by Ndovu. The funds were to be used for exploration work on the permits that formed part of the JV agreement with Ivanhoe, metallurgical test work to support the Kalongwe definitive feasibility study and for working capital purposes. The market reacted positively with an initial increase of 9.1% per share, and a further increase of 11.7% of the subsequent three days.

On 26 November 2015, RER announced a funding update in relation to the convertible loan provided by Ndovu. The announcement stated that RER and Ndovu had agreed to extend both the strategic relationship and loan agreement to 18 December 2015 while both parties agree on new terms. The share price did not change on the day of the announcement. Over the following three days, the price per share decreased by 12.5%.

On 18 December 2015, RER announced that an affiliate of Sprott Inc, ECP will provide a further $1 million and the convertible loan agreement had been extended by six months, which is now jointly provided by Ndovu and ECP. On the same day the Company announced CEO Mr David Young stepped down from his position due to health reasons. There was no impact on the share price on the day of the announcement. In the following three days, the share price decreased by 28.6% to close at $0.021.

On 29 January 2016, the Company released its Quarterly Cashflow and Activities reports. RER announced it should be feasible to produce more than 20% copper concentrate from processing copper oxide ore through an HMS plant. Five mining permits that make up the joint venture were extended for another five years and the convertible loan financing facility was amended, providing a further $1 million to the

Company with maturity extended by six months. On the day of the announcement the share price increased 8.3% to close at $0.013. There was no further movement in the three days subsequent to the announcement.

On 26 February 2016, the Company advised that its joint venture partners Traxys and GICC entered into a formal Shareholders' Agreement to govern the joint venture conducted through Kalongwe Mining. The Company also announced that it was in the process of completing a transfer of 1.5% of it's share capital to the DRC government in accordance with the DRC Mining Code. The share price did not change on the day of the announcement, however in the following three days the share price decreased 8.3%.

To provide further analysis of the market prices for an RER share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 19 April 2016.

Share Price per unit	19-Apr-16	10 Days	30 Days	60 Days	90 Days
Closing price	$0.026				
Volume weighted average price (VWAP)		$0.023	$0.018	$0.016	$0.016

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Transaction, to avoid the influence of any increase in price of RER shares that has occurred since the Transaction was announced.

An analysis of the volume of trading in RER shares for the twelve months to 19 April 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.026	$0.026	-	0.00%
10 Days	$0.017	$0.027	9,042,059	4.11%
30 Days	$0.014	$0.027	25,061,929	11.38%
60 Days	$0.010	$0.027	41,954,235	19.06%
90 Days	$0.010	$0.027	45,181,004	20.52%
180 Days	$0.010	$0.040	56,711,669	25.76%
1 Year	$0.010	$0.071	93,379,302	42.41%

Source: Bloomberg, BDO analysis

This table indicates that RER's shares display a low to moderate level of liquidity, with 42.41% of the Company's current issued capital being traded in a 12 month period and 25.76% in the last six months. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of RER, we do not consider there to be a deep market for the Company's shares as a result of only 42.41% of the Company's current issued capital being traded over the twelve months prior to 19 April 2016.

Our assessment is that a range of values for RER shares based on market pricing, after disregarding post announcement pricing, is between $0.018 and $0.026.

Control Premium

The quoted market price per share reflects the value to a minority interest shareholder. In order to value an RER share on a control basis, we have added a control premium that is based on our analysis set out below.

We have reviewed the control premiums paid by acquirers of all companies listed on the ASX as well as the control premium paid by acquirers of general mining companies listed on the ASX. We have summarised our findings below:

All ASX Companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2015	18	1012.72	23.55
2014	43	463.35	31.16
2013	43	177.79	43.36
2012	55	322.52	37.03
2011	67	766.18	48.45
2010	69	741.25	37.60
2009	64	328.15	46.22
2008	42	743.72	39.04
2007	63	1262.32	22.68
	Mean	646.44	36.57
	Median	741.25	37.60

Source: Bloomberg and BDO analysis

The above table indicates that the long term average control premium paid by acquirers of all companies on the ASX is approximately 36.57%.

General ASX Mining Companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2015	9	245.05	17.23
2014	17	144.31	33.59
2013	20	51.30	42.27
2012	22	234.98	41.81
2011	21	605.51	40.47
2010	25	735.82	43.27
2009	31	469.71	39.57
2008	9	504.97	32.51
2007	27	504.16	27.64
	Mean	373.95	36.34
	Median	357.38	40.02

Source: Bloomberg and BDO analysis

The above table indicates that the long term average control premium paid by acquirers of mining companies on the ASX is approximately 36.34%.

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

In the case of RER, we have taken the following considerations into account:

- over the six months prior to the announcement of the Transaction, only 25.76% of the Company's issued capital on the ASX was traded. Furthermore RER's shares have traded irregularly with periods of little to no trade activity at all;
- RER is an exploration company and is yet to delineate a reserve, therefore the performance of the company is highly speculative in its current stage; and
- RER's auditor issued an emphasis of matter in the financial report for the half year ended 31 December 2015. The auditor outlined the existence of material uncertainty in relation to the Company's ability to continue as a going concern and whether it can realise its assets and extinguish it liabilities, in the normal course of business, at the amounts stated in the financial report.

In determining the premium for control to be paid by Ndovu we have taken the above analysis into account. We believe an appropriate control premium to apply to our valuation is between 25% and 35%.

Quoted market price including control premium

Applying a control premium to RER's quoted market share price results in the following quoted market price value including a premium for control:

	Low $	Preferred $	High $
Quoted market price	0.018	0.022	0.026
Control premium	25%	30%	35%
Quoted market price including a premium for control	0.0225	0.0286	0.0351

Source: BDO analysis

Therefore, our valuation of an RER share based on the quoted market price method and including a premium for control is between $0.0225 and $0.0351, with a midpoint value of $0.0286.

11.3 Assessment of RER Value

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net asset value (Section 11.1)	0.005	0.013	0.021
ASX market prices (Section 11.2)	0.023	0.029	0.035

Source: BDO analysis

We note that the values obtained under the QMP method are lower to the values obtained from the NAV method. The difference between the values obtained under the QMP method and the NAV method may be explained by the following:

- the NAV prior to the Transaction includes the increase in the number of shares on issue due to the conversion of the Convertible Loan at the pre-Transaction conversion price of $0.035. Given the Convertible Loan is fully accounted for in equity, there is no corresponding increase in NAV on conversion;
- the valuation of the Company's interest in Kalongwe prepared by Ravensgate may be based around more conservative assumptions than implicit valuation assessed by the market. Similarly, the market price is likely to reflect the potential for future upside if the Project develops favourably following the definitive feasibility study; and
- the QMP value may reflect investors' expectations that a more favourable transaction may be available to the Company.

Based on the results above we consider the value of an RER share to be between $0.005 and $0.021, with a preferred value of $0.013. We have chosen the NAV as it is a more accurate reflection of the exploration assets held by the Company, which were valued by an independent specialist using a market valuation approach. We also note that only 25.76% of the Company's issued capital has been traded in the past six months, reflecting low to moderate liquidity, which raises uncertainty surrounding the QMP value being indicative of the Company's value.

12. Valuation of RER following the Transaction

12.1 Undiluted Scenario

In assessing the value of an RER share following the Transaction we have considered the scenario where Ndovu does not exercise its Convertible Loan Options or its Existing Options, and as such does not receive shares or provide cash upon exercising the options. The table below outlines this scenario.

Undiluted Scenario	Notes	31-Dec-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	a	1,329,503	9,328,382	9,328,382	9,328,382
Trade and other receivables		204,556	36,503	36,503	36,503
Other current assets		20,104	20,104	20,104	20,104
TOTAL CURRENT ASSETS		1,554,163	9,384,989	9,384,989	9,384,989
NON-CURRENT ASSETS					
Exploration and evaluation		192,552	192,552	192,552	192,552
Investments accounted for using the equity method	b	4,033,685	16,052,666	20,547,403	25,017,579
TOTAL NON-CURRENT ASSETS		4,226,237	16,245,218	20,739,955	25,210,131
TOTAL ASSETS		5,780,400	25,630,207	30,124,944	34,595,120
CURRENT LIABILITIES					
Trade and other payables	c	2,367,111	279,728	279,728	279,728
Borrowings	d	876,243	-	-	-
TOTAL CURRENT LIABILITIES		3,243,354	279,728	279,728	279,728
TOTAL LIABILITIES		3,243,354	279,728	279,728	279,728
Net Assets of RER following the Transaction (control basis)		2,537,046	25,350,479	29,845,216	34,315,391
Less value of the change in conversion price	e		(1,925,988)	(1,925,988)	(1,925,988)
Adjusted Net Assets of RER following the Transaction (control basis)			23,424,491	27,919,228	32,389,403
Discount for minority interest	f		26%	23%	20%
Net Assets of RER following the Transaction (minority interest basis)			17,334,123	21,497,805	25,911,523
Shares on issue (number)	g	223,459,096	2,859,726,589	2,859,726,589	2,859,726,589
Value per share ($)			$0.006	$0.008	$0.009

Source: Kalongwe's reviewed financial statements as at 31 December 2015, Ravensgate Independent Valuation Report of the Mineral Assets of Regal Resources Limited

The table above indicates that the net asset value of an RER share following the Transaction on a minority interest basis is between $0.006 and $0.009 with a preferred value of $0.008. In arriving at this value, the following adjustments were made to the net assets of RER following the Transaction, under the Undiluted Scenario.

Note a: Cash and cash equivalents

The following table outlines the cash movements that will occur as a result of the Transaction:

RER Cash adjustments post Transaction	Note	$
Cash position pre-Transaction		1,662,965
Add: Cash received from Subscription Shares	1	6,974,121
Add: Cash received from Rights Issue Shares	2	9,257,985
Less: Cash payment to Afrimines	3	(1,592,568)
Less: Cash payment to GICC	4	(1,665,561)
Less: Cash payment to Traxys	5	(5,308,560)
Cash position post Transaction		9,328,382

Source: BDO analysis

Note 1: Cash received from Subscription Shares

The Company will issue 697,412,077 Subscription Shares to Ndovu in order to raise US$5.3 million, at a price of $0.01 per share. This will equate to a $6.97 million inflow of cash for the Company.

Note 2: Cash received from Rights Issue Shares

RER is undertaking a rights issue in order to raise US$7 million through the issue of 925,798,454 shares at $0.01 per share from existing shareholders. Based on an AUD:USD exchange rate of 0.7535, this will equate to $9.26 million of cash that will be received by the Company. No cash consideration will be received from Ndovu for the additional shares issued in lieu of an underwriting fee.

Note 3: Cash payment to Afrimines

As part of the Transaction, and to extinguish its liability to Afrimines, the Company will pay Afrimines cash consideration of US$1.2 million. Based on an AUD:USD exchange rate of 0.7535, this will equate to $1.59 million.

Note 4: Cash payment to GICC

As part of the Transaction, RER has agreed to pay GICC US$1.26 million cash consideration in order to acquire GICC's 13% interest in Kalongwe. Based on an AUD:USD exchange rate of 0.7535, this will equate to $1.67 million.

Note 5: Cash payment to Traxys

As part of the Transaction, RER has agreed to pay Traxys US$4 million cash consideration in order to acquire Traxys' 28.5% interest in Kalongwe. Based on an AUD:USD exchange rate of 0.7535, this will equate to $5.31 million.

Note b: Investments accounted for using the equity method

If the Transaction is approved, RER's interest in Kalongwe will increase from 28.5% to 70%. We have adjusted the value of an RER share post Transaction for the increased interest RER will have in Kalongwe. The range of values of RER's 70% interest in Kalongwe is set out below.

Statement of Financial Position	Reviewed as at 31-Dec-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS				
Cash and cash equivalents	73,689	73,689	73,689	73,689
Prepaid expenses	10,983	10,983	10,983	10,983
Deposits and guarantees	29,748	29,748	29,748	29,748
Value added tax	334,770	334,770	334,770	334,770
Trade and other receivables	265	265	265	265
Inventory	74,102	74,102	74,102	74,102
TOTAL CURRENT ASSETS	523,557	523,557	523,557	523,557
NON-CURRENT ASSETS				
Intercompany loan	12,467	12,467	12,467	12,467
Exploration projects	-	22,456,140	28,877,193	35,263,158
Property, plant and equipment	131,245	131,245	131,245	131,245
Intangibles	66,357	66,357	66,357	66,357
TOTAL NON-CURRENT ASSETS	210,069	22,666,209	29,087,262	35,473,227
TOTAL ASSETS	733,626	23,189,766	29,610,819	35,996,784
CURRENT LIABILITIES				
Accrued expenses	50,299	50,299	50,299	50,299
Salary control	20,196	20,196	20,196	20,196
Accounts payable	186,389	186,389	186,389	186,389
TOTAL CURRENT LIABILITIES	256,884	256,884	256,884	256,884
NON-CURRENT LIABILITIES				
Tax provision	503	503	503	503
TOTAL NON-CURRENT LIABILITIES	503	503	503	503
TOTAL LIABILITIES	257,387	257,387	257,387	257,387
NET ASSETS	476,239	22,932,379	29,353,432	35,739,397
RER's holding prior to the Transaction		70.0%	70.0%	70.0%
Value of RER's interest in Kalongwe		16,052,666	20,547,403	25,017,579

Source: Kalongwe's reviewed financial statements as at 31 December 2015, Ravensgate Independent Valuation Report of the Mineral Assets of Regal Resources Limited

Note c: Trade and other payables

Trade and other payables includes an amount of $2.31 million payable to Afrimines in relation to deferred consideration arising from the joint venture between Afrimines and RER. This payable is being settled as part of the Transaction.

Note d: Borrowings

Borrowings relates to a loan to Afrimines and the balance of the Convertible Loan. Both of these liabilities are being paid under the Transaction.

Note e: Value of the change in conversion price

In order to value the change in the Convertible Loan's conversion price from $0.035 to $0.01, we have valued the difference in implied option values for the two conversion prices and subtracted this from RER's NAV following the Transaction.

Note f: Minority discount

The net asset value of an RER share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. If the Transaction is approved, Ndovu will hold a controlling interest.

Therefore, we have adjusted our valuation of an RER share following the Transaction, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control and is calculated using the formula 1 – (1/1+control premium). As discussed in section 11.2, we consider an appropriate control premium for RER to be in the range of 25% to 35%, giving rise to a minority interest discount in the range of 20% to 26%.

Note g: Number of shares on issue

We have adjusted the number of shares on issue to incorporate the additional shares that will be issued as part of the Transaction. The number of shares and the purpose of their issue are set out in the table below:

Number of shares on issue after the Transaction	Note	Shares on issue
Number of shares on issue prior to the Transaction	11.1	223,459,096
Convertible Loan Shares	1	385,841,859
Subscription Shares	2	697,412,077
Consultant Shares	3	20,000,000
Director Shares	4	69,749,429
Traxys Shares	5	199,071,002
GICC Shares	6	166,556,072
Afrimines Shares	7	159,256,802
Rights Issue Shares	8	938,380,252
Number of shares on issue following the Transaction on an undiluted basis		2,859,726,589

Source: BDO analysis

1) Convertible Loan Shares

Following the Transaction, RER will have $3.86 million of principal and previously capitalised interest owing on the convertible loan facility provided by Ndovu and ECP. As part of the Transaction this amount will be converted into RER shares at a conversion price per share of $0.01.

RER has accrued interest on the convertible loan facility provided by Ndovu and ECP. As part of the Transaction this accrued interest will be converted into RER shares at a conversion price per share of $0.01.

2) Subscription Shares

Under the Transaction, Ndovu will subscribe for 697,412,077 shares at a price per share of $0.01.

3) Consultant Shares

As consideration for advisory services, RER will issue the consultant 20,000,000 shares at a price per share of $0.01.

4) Director Shares

Chief executive officer and executive director nominee Mark Arnesen will be issued 69,749,429 shares at a price per share of $0.01 for advisory services provided to the Company.

5) Traxys Shares

RER is acquiring Traxys' 28.5% interest in Kalongwe through a payment of cash and the issuance of shares. RER will issue 199,071,002 shares at a price per share of $0.01 to Traxys as part of the Transaction.

6) GICC Shares

RER is acquiring 13% of GICC's interest in Kalongwe through the payment of cash and the issuance of shares. RER will issue 166,556,072 shares at a price per share of $0.01 to GICC as part of the Transaction.

7) Afrimines Shares

As part of the Transaction, the Company will clear its liabilities to Afrimines through the payment of cash and the issuance of shares. RER will issue 159,256,802 shares at a price per share of $0.01 to Afrimines as part of the Transaction.

8) Rights Issue Shares

As part of the Transaction, RER is undertaking a rights issue in order to raise approximately US$7 million by issuing 925,798,454 shares at a price per share of $0.01. This amount includes the shares to be issued to RER for underwriting the rights issue.

12.2 Diluted Scenario

On a diluted basis, the value of RER on a going concern basis following the Transaction is set out below:

	Notes	31-Dec-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	a	1,329,503	13,048,382	13,048,382	13,048,382
Trade and other receivables		204,556	36,503	36,503	36,503
Other current assets		20,104	20,104	20,104	20,104
TOTAL CURRENT ASSETS		1,554,163	13,104,989	13,104,989	13,104,989
NON-CURRENT ASSETS					
Exploration and evaluation		192,552	192,552	192,552	192,552
Investments accounted for using the equity method		4,033,685	16,052,666	20,547,403	25,017,579
TOTAL NON-CURRENT ASSETS		4,226,237	16,245,218	20,739,955	25,210,131
TOTAL ASSETS		5,780,400	29,350,207	33,844,944	38,315,120
CURRENT LIABILITIES					
Trade and other payables		2,367,111	279,728	279,728	279,728
Borrowings		876,243	-	-	-
TOTAL CURRENT LIABILITIES		3,243,354	279,728	279,728	279,728
TOTAL LIABILITIES		3,243,354	279,728	279,728	279,728
Net Assets of RER following the Transaction (control basis)		2,537,046	29,070,479	33,565,216	38,035,391
Less value of the change in conversion price			(1,925,988)	(1,925,988)	(1,925,988)
Adjusted Net Assets of RER following the Transaction (control basis)			27,144,491	31,639,228	36,109,403
Discount for minority interest			26%	23%	20%
Net Assets of RER following the Transaction (minority interest basis)			20,086,923	24,362,205	28,887,523
Shares on issue (number)	b	223,459,096	2,913,726,589	2,913,726,589	2,913,726,589
Value per share ($)			$0.007	$0.008	$0.010

Source: BDO analysis

The table above indicates that the net asset value of an RER share following the Transaction on a minority interest basis is between $0.007 and $0.010 with a preferred value of $0.008. In arriving at this value, the following adjustments were made to the net assets of RER following the Transaction.

Note a: Cash and cash equivalents

The following table outlines the Company's cash position under the Diluted Scenario:

RER Cash adjustments post Transaction	Note	$
Cash position pre-Transaction		1,662,965
Add: Cash received on exercise of Ndovu's options	1	3,720,000
Add: Cash received from Subscription Shares		6,974,121
Add: Cash received from Rights Issue Shares		9,257,985
Less: Cash payment to Afrimines		(1,592,568)
Less: Cash payment to GICC		(1,665,561)
Less: Cash payment to Traxys		(5,308,560)
Cash position post Transaction		13,048,382

Source: BDO analysis

Note 1: Cash received on exercise of Ndovu's options

RER is seeking approval for the issue of shares on conversion of Ndovu's options. Ndovu currently holds 24,000,000 options with an exercise price of $0.08 per share. Under the Transaction, Ndovu would also be issued 30,000,000 options with an exercise price of $0.06 per share. Upon exercise of both tranches of options, the Company would receive $3.72 million.

Note b: Number of shares on issue

Though the options on issue are currently out of the money, we have considered the Transaction for shareholders under the Diluted Scenario, assuming that Ndovu exercises its options.

Number of shares on issue after the Transaction	Note	Shares on issue
Number of shares on issue following the Transaction on an undiluted basis		2,859,726,589
Exercise of Existing Options	1	24,000,000
Exercise of Convertible Loan Options	2	30,000,000
Number of shares on issue following the Transaction on a diluted basis		2,913,726,589

Source: BDO analysis

1) Exercise of Existing Options

Ndovu currently holds 24,000,000 options on RER shares with an exercise price of $0.08. Upon exercise of the options, RER will issue 24,000,000 shares at an exercise price of $0.08 per share.

2) Exercise of Convertible Loan Options

Ndovu currently holds 30,000,000 options on RER shares with an exercise price of $0.06. Upon exercise of the options, RER will issue 30,000,000 shares at an exercise price of $0.06 per share.

12.3 GICC Scenario

We have considered the scenario where RER does not acquire GICC's interest in Kalongwe, and as such does not provide consideration to GICC through the issue of shares and cash. The table below outlines this scenario which also assumes the exercise of the options held by Ndovu as set out in Section 12.2.

GICC Scenario	Notes	31-Dec-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	a	1,329,503	13,048,382	13,048,382	13,048,382
Trade and other receivables		204,556	36,503	36,503	36,503
Other current assets		20,104	20,104	20,104	20,104
TOTAL CURRENT ASSETS		1,554,163	13,104,989	13,104,989	13,104,989
NON-CURRENT ASSETS					
Exploration and evaluation		192,552	192,552	192,552	192,552
Investments accounted for using the equity method	b	4,033,685	13,071,457	16,731,457	20,371,457
TOTAL NON-CURRENT ASSETS		4,226,237	13,264,009	16,924,009	20,564,009
TOTAL ASSETS		5,780,400	26,368,998	30,028,998	33,668,998
CURRENT LIABILITIES					
Trade and other payables		2,367,111	279,728	279,728	279,728
Borrowings		876,243	-	-	-
TOTAL CURRENT LIABILITIES		3,243,354	279,728	279,728	279,728
TOTAL LIABILITIES		3,243,354	279,728	279,728	279,728
Net Assets of RER following the Transaction (control basis)		2,537,046	26,089,270	29,749,270	33,389,270
Less value of the change in conversion price			(1,925,988)	(1,925,988)	(1,925,988)
Adjusted Net Assets of RER following the Transaction (control basis)			24,163,281	27,823,281	31,463,281
Discount for minority interest			26%	23%	20%
Net Assets of RER following the Transaction (minority interest basis)			17,880,828	21,423,927	25,170,625
Shares on issue (number)	c	223,459,096	2,580,614,445	2,580,614,445	2,580,614,445
Value per share ($)			$0.007	$0.008	$0.010

Source: Kalongwe's reviewed financial statements as at 31 December 2015, Ravensgate Independent Valuation Report of the Mineral Assets of Regal Resources Limited

The table above indicates that the net asset value of an RER share following the Transaction on a minority interest basis is between $0.007 and $0.010 with a preferred value of $0.008. In arriving at this value, the following adjustments were made to the net assets of RER following the Transaction, under the scenario excluding GICC from the Transaction.

Note a: Cash and cash equivalents

We have excluded the payment to GICC under the Transaction and we have excluded the cash received from Ndovu for the Subscription Shares, as the Subscription Shares would be reduced under the GICC Scenario.

Note b: Investments accounted for using the equity method

We have reduced RER's interest in Kalongwe to 57% to reflect GICC retaining 13% of its interest in Kalongwe.

Note c: Shares on issue

We have excluded the shares issued to GICC under the Transaction and reduced the number of Subscription Shares which would be issued to Ndovu under the Transaction.

13. Is the Transaction fair?

Undiluted Scenario

On an undiluted basis, the value of an RER share prior to the Transaction on a controlling basis and the value of an RER share following the Transaction on a minority basis are compared below:

Undiluted Scenario	Ref	Low $	Preferred $	High $
Value of an RER share Pre-Transaction on a controlling basis	11.1	0.005	0.013	0.021
Value of an RER share Post-Transaction on a minority basis	12.1	0.006	0.008	0.009

On an undiluted basis, the value of an RER share following the Transaction on a minority basis is lower than the value of an RER share prior to the Transaction on a controlling basis. Therefore, on an undiluted basis, we consider that the Transaction is not fair.

Diluted Scenario

On a diluted basis, the value of an RER share prior to the Transaction on a controlling basis and the value of an RER share following the Transaction on a minority interest basis are compared below:

Diluted Scenario	Ref	Low $	Preferred $	High $
Value of an RER share Pre-Transaction on a controlling basis	11.1	0.005	0.013	0.021
Value of an RER share Post-Transaction on a minority basis	12.2	0.007	0.008	0.010

On a diluted basis, the value of an RER share following the Transaction on a minority basis is lower than the value of an RER share prior to the Transaction on a controlling basis. Therefore, we consider that the Transaction is not fair.

GICC Scenario

On a diluted basis, excluding the GICC Transaction, the value of an RER share prior to the Transaction on a controlling basis and the value of an RER share following the Transaction on a minority basis are compared below:

GICC Scenario	Ref	Low $	Preferred $	High $
Value of an RER share Pre-Transaction on a controlling basis	11.1	0.005	0.013	0.021
Value of an RER share Post-Transaction on a minority basis	12.3	0.007	0.008	0.010

On a diluted basis, excluding the GICC Transaction, the value of an RER share following the Transaction on a minority basis is lower than the value of an RER share prior to the Transaction on a controlling basis. Therefore, under the GICC Scenario, we consider that the Transaction is not fair.

Therefore, on a undiluted basis, a diluted basis and under the GICC Scenario, the Transaction is not fair for Shareholders.

14. Is the Transaction reasonable?

14.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of RER a premium over the value resulting from the Transaction.

14.2 Practical Level of Control

If the Transaction is approved then Ndovu will hold an interest of approximately 68.62% in RER on a diluted basis. When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved, Then Ndovu will be able to pass general resolutions and block special resolutions.

RER's Board currently comprises four directors, which includes Dr Peter Ruxton, a principal of Ndovu and Mr John Hodder, a principal of Tembo, which is affiliated with Ndovu. Based on the terms of the notice of meeting, no additional persons affiliated with Ndovu are intended to be appointed as a Director if Shareholders approve the Transaction.

Ndovu's control of RER following the Transaction will be significant when compared to all other shareholders. If the Transaction is approved and Ndovu takes up its full allocation in the rights issue, it would hold 68.03% of the issued share capital of RER. Further, if Ndovu were to exercise its options, it would hold 68.62% of the issued capital in RER. We also note that in the event that the GICC Transaction is not approved, Ndovu can increase its holding up to a maximum of 71.02% of RER's issued capital.

Therefore, in our opinion, Ndovu will be able to significantly influence the activities of RER. As such, Ndovu should be expected to pay a similar premium for control as if it were acquiring 100% of RER.

14.3 Consequences of not Approving the Transaction

If the Transaction is not approved, RER will have an outstanding liability owing to Afrimines, which based on the current settlement would be approximately $3.2 million. Further, Ndovu and ECP may give notice to the Company requiring repayment of the entire convertible loan and accrued interest payable (approximately $3.9 million as at 30 June 2016) by a specified date, which is to be no earlier than 10 business days after the date on which the notice is issued by the lenders.

In order to service the settlement and debt obligations, the Company would be required to raise capital from alternative funding sources. The Convertible Loan is also secured against the assets of RER, including its holding in Kalongwe. If the Company were unable to raise capital from alternative funding sources, Ndovu and ECP may assume control of a number of the Company's assets.

The funding alternatives available to the Company would be debt or equity.

Debt

Given the existing financial liabilities on the Company's balance sheet, as well as the auditor's emphasis of matter paragraph surrounding the uncertainty of the Company's ability to continue to operate as a going concern, we consider it unlikely that debt funding would be available to RER.

Equity

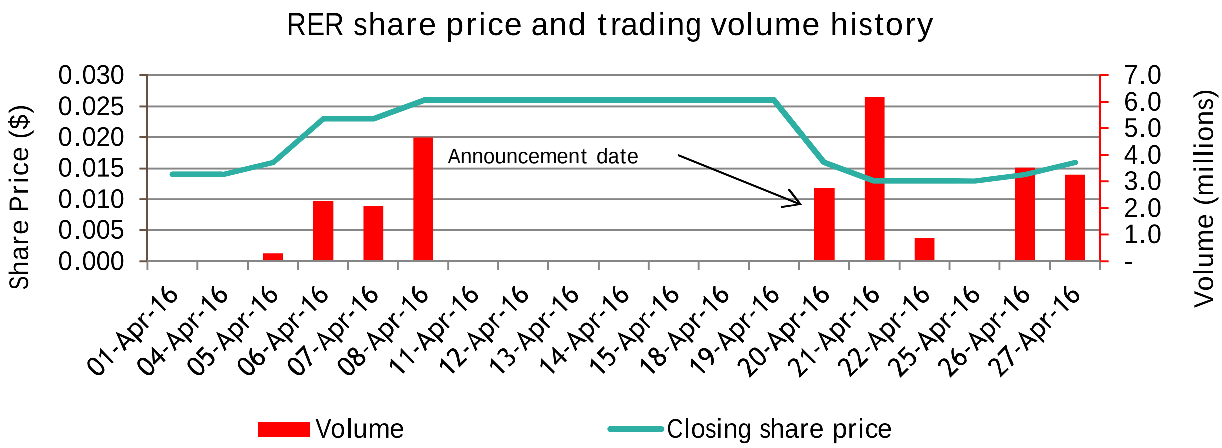
Given the currently depressed commodity markets and the current state of equity capital markets, we consider it unlikely that the Company could raise capital on terms that are more advantageous to Shareholders than that proposed under the Transaction. If capital was to be sourced from equity capital markets, it would likely be at a significant discount to the current market price, therefore diluting existing Shareholders interest further.

Loss of Ivanhoe Tenements

If the Company cannot fund geological work on the tenements under the JVMOA with Ivanhoe then it will fail to meet its minimum expenditure requirements and lose the ability to increase its interest in the tenements.

Post Announcement Pricing

We have analysed movements in RER's share price since the Transaction was announced. A graph of RER's share price since the announcement is set out below.



The share price of RER was trending upward throughout 2016 until the date of the announcement ('the Announcement'). Since the Announcement on 20 April 2016, the share price has declined significantly to $0.013 and then begun to trend up to $0.016.

The above analysis indicates that market reaction to the Announcement has been negative but this must be considered in the light of there having been no trading in the Company's shares in the seven trading days prior to the Announcement.

14.4 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

Advantage	Description
The Company will gain a controlling interest in Kalongwe	As part of the Transaction, RER's interest in Kalongwe will increase from 28.5% to 70%. This will give RER significant control over the operations of Kalongwe, as well as increasing Shareholders' exposure to the success of the Kalongwe Project.
Funds raised would assist in the progress of RER's exploration and development projects.	The funds received under the Transaction would enable RER to continue to advance the definitive feasibility study at the Kalongwe Project, furthering progress towards commencement of mining operations. Additionally, the funds raised would also allow RER to commence exploration work on permits that form part of the Joint Venture Agreement with Ivanhoe Mines. The funds raised would also assist RER in meeting its ongoing working capital requirements.
Reduces uncertainty surrounding the Company's future capital structure	The Transaction will allow the Company to consolidate its capital structure by eliminating the Convertible Loan, therefore removing Ndovu and ECP's claim to the assets of the Company as secured creditors. This will also allow the Company to use its assets as security for future debt financing as required.
The Transaction will strengthen the Company's balance sheet, which may make it more attractive to potential investors	The cash received will strengthen the balance sheet of RER and allow the Company to settle the liability to Afrimines, and may allow it to attract other debt or equity funding in the future.
RER shareholders may benefit from the potential upside arising out of the increased holding in the Kalongwe Project	Though existing Shareholders' interests would be diluted on the issue of shares under the Transaction, if the proposed Transaction proceeds, the indirect interest in Kalongwe will increase from 28.5% to 70%. This provides Shareholders with the opportunity to participate in greater upside returns if the Kalongwe Project develops more favourably than currently expected.
Ability to utilise the management expertise of Ndovu and also strengthen its relationship with its key cornerstone investor	As discussed in Section 6, Ndovu is a private equity fund with a focus on natural resources companies which are currently in the evaluation, development or production phases. Further, Ndovu has partnered primarily with junior exploration companies similar to RER and hence their knowledge and experience will help to ensure the development and future operations at the Kalongwe Project are progressed in a timely manner.
Shareholders are able to participate in the rights issue on the same terms as Ndovu	Shareholders will have the opportunity to participate in the rights issue on the same terms as Ndovu, allowing them to increase their current holdings and therefore decreasing the holdings that Ndovu will hold as underwriter of the rights issue. This will serve to

Advantage	Description
	mitigate the dilution that individual shareholders will suffer as a consequence of the Transaction.

14.5 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
The Transaction is not fair	The Transaction is not fair for Shareholders as the value of an RER share post-Transaction on a minority interest basis is lower than the value of an RER share pre-Transaction on a controlling basis.
Dilution of current shareholdings	The proposed Transaction will result in the issue of shares to a number of parties, which will have a dilutive effect on the current holdings of Shareholders. Following the Transaction, Shareholders will go from holding 86.77% of RER's issued capital to 31.38% on a diluted basis. If the GICC Transaction is not approved, existing Shareholders' can be diluted to 28.98%.
Significant influence by Ndovu	If the proposed Transaction proceeds, RER shareholders will collectively hold 31.38% of the issued capital of the Company, with Ndovu holding 68.62% on a fully diluted basis. Ndovu will be able to significantly influence the operations of RER.
Presence of a significant controlling shareholder may deter any potential takeover offer or reduce the Company's ability to raise capital in the future	If the Transaction is approved, Ndovu will hold up to 68.62% of RER's issued capital on a diluted basis. The presence of this significant shareholder may reduce the attractiveness of the Company to potential acquirers, therefore reducing the likelihood of Shareholders receiving a takeover premium in the future. Additionally, the presence of a major shareholder may reduce the attractiveness of the Company to potential investors and may reduce the willingness of the market to transact in the Company's shares, therefore impacting the liquidity of Shareholders' holding in the Company.

15. Conclusion

We have considered the terms of the Transaction as outlined in the body of our Report and have concluded that the Transaction is not fair but reasonable for the Shareholders of RER.

We have assessed the Transaction as being not fair because the value of an RER share on a minority interest basis following the Transaction is lower than the value of an RER share on a control basis prior to the Transaction. The Transaction is not fair under the Undiluted Scenario, the Diluted Scenario and the GICC Scenario.

We consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages. We note that if the Transaction is not approved, RER will be required to repay its liabilities to Afrimines in cash. As at 31 March 2016, the Company holds $0.56 million in cash. Further, Ndovu and ECP may give notice to the Company requiring repayment of the entire convertible loan and accrued interest payable (approximately $3.9 million as at 30 June 2016) by a specified date, which is to be no earlier than 10 business days after the date on which the notice is issued by the lenders. In order to service the settlement and debt obligations, it would have to raise capital from another party. If the Company was not able to raise the required capital, Ndovu and ECP, as secured creditors, may assume control of a number of RER's assets, including the Company's holding in Kalongwe. Additionally, the funds raised under the Transaction will significantly aid the Company in progressing towards a development stage at the Kalongwe Project while also providing working capital in order for the Company to function properly. The Transaction will also create a cornerstone investor with proven experience in assisting companies moving from the exploration stage to the development stage.

16. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of RER for the years ended 30 June 2014 and 30 June 2015;
- Reviewed financial statements for the half year ended 31 December 2015;
- Kalongwe's reviewed financial statements for the half year ended 31 December 2015;
- Independent Valuation Report of RER's mineral assets dated 29 April 2016 performed by Ravensgate Mining Industry Consultants;
- Share registry information;
- Agreements pertaining to each transaction;
- Information in the public domain; and
- Discussions with Management of RER.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $15,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by RER in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by RER, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to RER and Ndovu with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of RER and Ndovu and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 – Professional Independence. The services provided have no material impact on the financial report of RER.

A draft of this report was provided to RER and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Institute of Chartered Accountants in Australia. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of RER for inclusion in the Explanatory Memorandum which will be sent to all RER Shareholders. RER engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether or not the proposed transactions and agreements are fair and reasonable to the non-associated Shareholders of RER.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Ndovu and ECP. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of RER, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by RER.

The valuer engaged for the mineral asset valuation, Ravensgate possesses the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes	Adam Myers
Director	Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act
Announcement	The announcement of the Transaction
Afrimines	Afrimines Resources SPRL
Afrimines Shares	The shares to be issued to Afrimines in settling part of the Company's liability
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Consultant Shares	The shares to be issued to a consultant in lieu of fees for advisory services provided
Convertible Loan	The convertible loan provided by Ndovu and ECP
Convertible Loan Options	The options to be issued to Ndovu as part of the Transaction
Convertible Loan Shares	The shares to be issued to Ndovu and ECP as part of the Transaction
DCF	Discounted Future Cash Flows
Diluted Scenario	The Transaction considered on a diluted basis, which assumes the exercise of both the Existing Options and the Convertible Loan Options
Director Shares	The shares to be issued to Mark Arnesen in lieu of fees for advisory services provided
DRC	Democratic Republic of Congo
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECP	Exploration Capital Partners
FME	Future Maintainable Earnings
GICC	La Generale Industrielle et Commerciale au Congo

GICC Scenario	The Transaction considered excluding the GICC Transaction
GICC Shares	The shares to be issued to GICC as part of the Transaction
GICC Transaction	The acquisition of GICC's 13% interest in Kalongwe for cash and share consideration
Ivanhoe	Ivanhoe Mines
JVMOA	Joint Venture Memorandum of Agreement
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Kalongwe	Kalongwe Mining SA
Kalongwe Project	A copper-cobalt project in the DRC
Km	Kilometres
NAV	Net Asset Value
Ndovu	An affiliate of Tembo
Existing Options	The options held by Ndovu prior to the Transaction
Our Report	This Independent Expert's Report prepared by BDO
Ravensgate	Ravensgate Mining Industry Consultants
RBA	Reserve Bank of Australia
Regal SK	Regal SK SPRL
Repayment Terms	The extension of the repayment date of the Convertible Loan, and the amendment to when Ndovu or ECP may request repayment
Rights Issue Shares	The shares to be issued to Ndovu as underwriter of the rights issue
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Shareholders	Shareholders of RER not associated with Ndovu or ECP
Subscription Shares	The shares to be issued to Ndovu under the subscription agreement
Tembo	Tembo Capital Mining Fund LP

The Company/RER	Regal Resources Limited
The Transaction	The agreements and transactions which include Ndovu, ECP, Traxys, GICC and Afrimines
Traxys	Traxys Projects L.P.
Traxys Shares	The shares to be issued to Traxys as part of the Transaction
Underwriting Fee Shares	The shares to be issued to Ndovu for underwriting the rights issue
Undiluted Scenario	The Transaction considered on an undiluted basis
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Independent Valuation Report - Ravensgate

Sent under a separate cover

Ravensgate
Mining Industry Consultants

TECHNICAL PROJECT REVIEW

and

INDEPENDENT VALUATION REPORT

MINERAL ASSETS OF REGAL RESOURCES LIMITED

for

BDO CORPORATE FINANCE (WA) PTY LTD

RESOURCEFUL TECHNICAL PARTNERS

ravensgate.com.au

TECHNICAL PROJECT REVIEW

and

INDEPENDENT VALUATION

Prepared by RAVENSGATE on behalf of:

BDO Corporate Finance (WA) Pty Ltd

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Sam Ulrich
For and on behalf of:
RAVENSGATE

Alan Hawkins
For and on behalf of:
RAVENSGATE

Neal Leggo
For and on behalf of:
RAVENSGATE

This report has been commissioned from and prepared by Ravensgate for the exclusive use of BDO Corporate Finance (WA) Pty Ltd.

Each statement or opinion in this report is provided in response to a specific request from BDO Corporate Finance (WA) Pty Ltd to provide that statement or opinion. Each such statement or opinion is made by Ravensgate in good faith and in the belief that it is not false or misleading.

Each statement or opinion contained within this report is based on information and data supplied by Regal Resources Limited to Ravensgate, or otherwise obtained from public searches conducted by Ravensgate for the purposes of this report.

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1. EXECUTIVE SUMMARY

1.1 Background

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) was commissioned by BDO Corporate Finance (WA) Pty Ltd (BDO) and Regal Resources Limited (Regal or the Company) to provide a Technical Project Review on the mineral assets of Regal in the Democratic Republic of Congo (DRC) and an Independent Valuation over these assets. This Technical Project Review and Independent Valuation Report were prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by BDO. The effective date of this Technical Project Review and Independent Valuation Report prepared by Ravensgate is the 21 April 2016.

The projects included in this report and Regal's ownership interest is listed below.

Mineral Asset	Regal Ownership %
Kalongwe Copper-Cobalt Project, DRC	28.5%

1.2 Project Review

1.2.1 Kalongwe Copper - Cobalt Project

The Kalongwe Copper - Cobalt (Cu-Co) Project is located in the Katanga Province of the DRC and is situated towards the western end of the Central African Copperbelt. The Copperbelt is considered one of the most important Cu producing regions in the world and hosts many of the world's highest grade Cu resources. The Project is situated some 15km south from Ivanhoe Mines' Kamoa deposit, which is considered to be Africa's largest recent high grade Cu discovery. Kalongwe was first discovered in 1902 and worked sporadically in the 1930's, 1940's and 1950's, before Ivanhoe Mines acquired the project in 2006 and carried out systematic drilling.

In November 2013, Regal and Traxys Europe SA (Traxys) entered into a formal and binding Memorandum of Understanding (MoU) and subsequently entered into a binding agreement with a DRC registered company, La Generale Industrielle et Commerciale au Congo SPRL (GICC), to obtain a 60% interest in the permit PR12198, with a right to acquire a further 20% interest on completion of a bankable feasibility study (BFS). The ownership of PR 12198 was transferred from GICC to a newly incorporated DRC registered company, Kalongwe Mining SA (Kalongwe Mining).

In February 2014, following the granting of all necessary approvals, Regal on behalf of the Kalongwe JV commenced a twelve hole diamond drilling program. The main objective of the program was to validate the Ivanhoe Mines drill results so that they could be incorporated into the database. This data supported a Maiden JORC Mineral Resource estimate in July 2014. Regal have now drilled 46 diamond drill holes for a total of 6,072m. Combined with historic drilling this has allowed an updated Mineral Resource Estimate in February 2015 (Table 1) carried out by CSA Global Pty Ltd, which has been classified in accordance with the JORC Code (2012 Edition).

Table 1 Kalongwe Project Mineral Resource Estimate (Feb 2015)

Domain	JORC Classification Domain	Tonnage (Mt)	Cu (%)	Co (%)	Tonnes Cu	Tonnes Co
Copper [1,3]	Measured	3.31	3.61	-		
	Indicated	5.83	2.55	-		
	Inferred	2.03	1.70	-		
	TOTAL	11.17	2.70	0.27	302,000	29,700
Cobalt [2]	Measured	0.37	-	0.66		
	Indicated	1.52	-	0.58		
	Inferred	0.40	-	0.43		
	TOTAL	2.29	-	0.57	-	13,000

Notes:

1. *The copper only domains were reported by selecting blocks with Cu >= 0.5%.*
2. *The cobalt only domains were reported by selecting blocks with Co >= 0.2%.*
3. *The mixed domains (blocks located within overlapping copper and cobalt domains) were reported by selecting blocks with Cu >= 0.5%. The cobalt grade from these blocks was also recorded.*

   It is assumed for the purposes of this Mineral Resource that copper grades in the cobalt only domains, and cobalt grades in the copper only domains are 0%, although low grade mineralisation was recorded in sample assays.

Classification of the mineral resource estimates was carried out by the Competent Person taking into account the geological understanding of the deposit, QAQC of the samples, density data and drill hole spacing. The mineral resource has been classified as a combination of Measured, Indicated and Inferred, with geological evidence sufficient to confirm geological and grade continuity for the Measured. Drill holes are generally spaced at a nominal 50m x 50m, closed down to 50m x 25m in places and at 100m x 100m in the deeper down plunge areas.

The orientation and continuity of mineralisation and grade have been established, as a result the improved density of drilling and interpretation of mineralisation, which has relied mainly on grade outlines within general geological litho-stratigraphic constraints. The stratigraphic elements and characteristics of the Mines Series recognisable across many Copperbelt deposits are also present at Kalongwe. The role of structure is not yet resolved, however the currently developed geological observations are consistent with geological processes which are known to have controlled mineralisation at other Copperbelt deposits. Importantly, the bulk of the mineralisation at Kalongwe is preferentially hosted within a particular rock type. The mineralisation is primarily stratabound and concentrated in the three stratigraphic units, despite its predominantly secondary nature. The classification has taken into account the available geological and sampling information, and the classification level is considered appropriate for the current stage of this project.

A scoping study on the Kalongwe project was completed by Regal during early 2015 based on the updated Mineral Resource. The study was undertaken by independent consultants and considered the main factors typical of such a study. The results of the scoping study were positive and that Regal's Board has taken the view that the results justify the Company to commit to the next stage of exploration and development by progressing through to a definitive feasibility study.

In October 2015 a Mining Licence covering PR12198 was granted to Kalongwe Mining for an initial term of 30 years.

On 26 February 2016, Regal announced to the ASX that in accordance with the DRC Mining Code the shareholders are in the course of completing the transfer of the 5% of the share capital of Kalongwe Mining to the DRC Government, which will result in the respective shareholdings in Kalongwe Mining being Regal 28.5%; Traxys 28.5%; GICC 38%; and the DRC Government 5%.

In April 2016, Regal entered two acquisition agreements, the first with Traxys to acquire 100% of their interest in the Kalongwe project and the second with GICC to acquire 13% of the Kalongwe project to give Regal a future 70% interest in the project. Regal also executed a deed of settlement and release with Afrimines and Regal SK.

Ravensgate's opinion is that the Kalongwe project has merit and is worthy of further mining studies directed towards future development.

1.3 Valuation

The valuation presented in this report was completed on behalf of BDO. The valuation has been completed with information provided by and with the full support of Regal. The applicable valuation date is 21 April 2016. The Kalongwe project can be classified as a Pre-Development Project mineral asset. Mineral Resources as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – 2012 Edition (JORC Code 2012 Edition) have been reported in Table 1.

No value has been attributed to the project areas, which are part of the binding conditional Joint Venture Memorandum of Agreement (JVMOA) with Ivanhoe Mines (Ivanhoe) announced on the 24 April 2015 as at the valuation date Regal had no beneficial interest in these projects.

Ravensgate did not carry out a site visit to the DRC project. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the DRC project areas at this stage.

To derive appropriate values for the various projects Ravensgate reviewed the mineral resources, exploration data and prospectivity for the project. The preferred value thus determined for each project was based upon a review of the Mineral Resources and prospectivity of each project and the number and quality of exploration targets on the project as described in Section 3. To derive the valuations for the Mineral Resources, Ravensgate reviewed the resources as stated and the values assigned reflect the confidence and grade of the Mineral Resources.

Ravensgate has concluded that Regal's Kalongwe project is of merit and worthy of further development. A summary of the Regal's project valuation in respective ownership terms is provided in Table 2. The applicable valuation date is 21 April 2016 and is derived from using the Comparable Transactions valuation method. The value of Regal's Kalongwe project is considered to lie in a range from $6.40M to $10.05M, within this range Ravensgate has selected a preferred value of $8.23M. The valuation of the Kalongwe project is outlined in detail in Section 4.

As the valuation is based on comparable market transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

Table 2 Summary Project Valuation in Ownership Equity Percentage Terms

Project	Mineral Asset	Equity %	Area km^2	Valuation		
				Low $M	Preferred $M	High $M
Kalongwe	Pre-Development Project	28.5	8.4	6.40	8.23	10.05

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

2. INTRODUCTION

The objective of this report is to firstly provide a Technical Project Review of the mineral assets of Regal in the DRC, namely the Kalongwe Copper-Cobalt. The second objective of this report is to provide a market valuation and technical assessment of this asset prepared in accordance with the guidelines of the VALMIN Code. The work has been commissioned by BDO and Regal. The Independent Expert's Report (IER) will be included in Regal's Notice of Meeting.

This report does not provide a valuation of Regal as a whole, but only of the DRC mineral assets. This report does not make any comment on the fairness and reasonableness of any transaction between any two companies. The conclusions expressed in this Independent Technical Project Review and Independent Valuation are valid as at the valuation date (21 April 2016). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Valuation report has been compiled based on information available up to and including the valuation date of this report for the valuation of exploration tenure and two years of data post the transaction date has been used for the valuation of mineral resources to provide a larger dataset for comparison.

2.1 Terms of Reference

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by BDO and Regal to provide an Independent Technical Project Review and Independent Valuation on the African and Australian mineral assets of Regal.

This report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The VALMIN Code 2005 Edition) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - 2012 Edition (JORC Code 2012 Edition).

2.2 Tenement Status Verification

Ravensgate has not independently verified the status of all the tenements that are referred to in this report as set out in Section 3.2 of this report. This is a matter for independent legal or tenement experts. Regal commissioned an independent review of their Kalongwe project tenement status. Legal specialist ENSafrica (ENS) of South Africa completed the review of the Kalongwe tenure and did not identify any material issues that would impact on Ravensgate's valuation. Ravensgate is satisfied, based on ENS's review, that the tenements are in good standing and the values assigned to the tenements correctly reflect Regal's ownership.

2.3 Site Investigation

Ravensgate did not carry out a site visit to the Kalongwe project. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project area at this stage. Ravensgate has concluded that the projects are of technical merit and are worthy of conducting further review and exploration.

2.4 Qualifications, Experience and Independence

Ravensgate has been consulting to the mining industry since 1997 providing services that include valuations, independent technical reporting, exploration management and resource estimation. Our capabilities include reporting for all the major securities exchanges and encompass a diverse variety of commodity types.

Author: Sam Ulrich, Principal Consultant, BSc (Hons) Geology, GDipAppFin, MAusIMM, MAIG, FFin.

Sam Ulrich is a geologist with over 20 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Co-Author: Alan Hawkins, Principal Consultant, BSc (Hons) Geology, MSc Ore Deposit Geology, MAIG RPGeo, FSEG.

Alan Hawkins is a geologist with over 19 years' experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia and Indonesia, primarily in gold and copper. Prior to joining Ravensgate, Alan worked for Newmont Mining Corporation as a Principal Geologist in their exploration, corporate and business development divisions, providing technical support, due diligence and rapid first-filter geological and economic analysis to M&A teams in the Asia Pacific region as well as US and African EBD teams. This role also included project and non-core asset divestments including commercial negotiations with junior exploration companies, stakeholders and land & legal teams.

Previous to this, Alan held various principal and senior regional exploration management roles in WA and NT. In the 1990's Alan worked as a near mine exploration geologist for Eagle Mining Corporation NL, Great Central Mines Ltd and Normandy Mining Ltd at the Jundee-Nimary Gold Mine and was part of the team that discovered the +2Moz Au Westside deposit, where he also worked as a resource modelling geologist before joining Newmont's regional exploration team. Alan holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101 and is a Registered Professional Geoscientist in the field of Mineral Exploration with the Australian Institute of Geoscientists.

Co-Author: Neal Leggo, Principal Consultant, BSc (Hons) Geology, MAIG, MSEG

Neal Leggo has over 30 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities including gold, copper, iron ore, silver, lead and zinc, uranium and manganese across numerous geological terrains within the Asia-Pacific region.

Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold were he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments included scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines.

Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal completed an Honours degree in Geology at the University of Queensland in 1980 and holds the relevant qualifications, experience and professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Peer Reviewer: Stephen Hyland, Principal Consultant, BSc Geology, FAusIMM, CIM, GAA, MAICD.

Stephen Hyland has had extensive experience of over 25 years in exploration geology and resource modelling and has worked extensively within Australia as well as offshore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals. Stephen's extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. The majority of his time there was spent developing the historically successful Nimary Mine. He also assisted the regional exploration group with preliminary resource assessment of Eagle's numerous exploration and mining leases. Since 1997, Stephen has been a full time consultant with the mining industry consulting firm Ravensgate where he is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting for ASX / JORC and other regulatory compliance areas. Primarily, Stephen specialises in Geological and resource block modelling generally with the widely used MEDSystem / MineSight® 3D mine-evaluation and design software. Stephen Hyland holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

2.5 Disclaimer

The authors of this report, and Ravensgate, have had a prior association with Regal in regard to the mineral assets, but have no interest in the outcome of this technical assessment.

Ravensgate is independent of Regal, its directors, senior management and advisors and has no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are in the order of $7,000 to $11,000.

The relationship with Regal is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of Regal or any group, holding or associated companies of Regal.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.

This report has been compiled based on information available up to and including the valuation date. The statements and opinions are based on the reference date of 21 April 2016 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

2.6 Consent

Ravensgate consents to this report being distributed, in full, in the form and context in which the technical assessment is provided, for the purpose for which this report was commissioned. Ravensgate provides its consent on the understanding that the assessment expressed in the individual sections of this report will be considered with, and not independently of, the information set out in full in this report.

2.7 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Regal and their partners or consultants, publically available information such as ASX releases, government reports and discussions with Regal's technical and corporate management personnel. With the consent of Regal, the report sections describing the geology, historical exploration and current exploration have been reproduced from their reports. A listing of the principal sources of information is included in the references attached to this report.

Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Regal prior to finalisation by Ravensgate, requesting that Regal identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

2.8 Competent Persons Statements

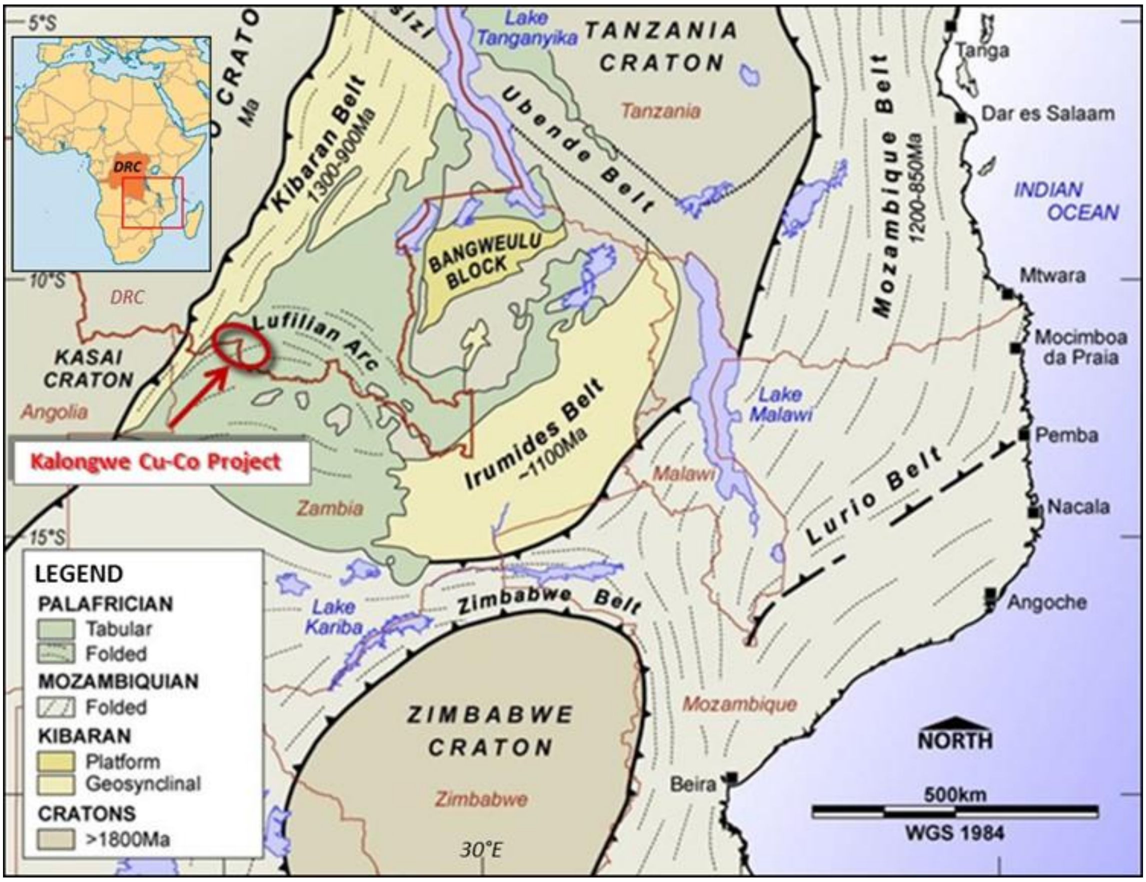
The information in this report to which this statement is attached that relates to Exploration Results (Section 3.5) is based on and fairly represents the information prepared by Mr David Young and Dr Simon Dorling, the Company's Managing and Technical Directors. Mr David Young is a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and Dr Simon Dorling is a member of the Australian 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" (JORC Code 2012 Edition). 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 appear.

The information in this report to which this statement is attached relates to Kalongwe Mineral Resources (Section 3.6) is based on and fairly represents the information compiled by David Williams of CSA Global Pty Ltd. David Williams takes overall responsibility for the Mineral Resource estimate. He is a Member of the Australian Institute of Geoscientists (MAIG) and a Member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience, which is relevant to the style of mineralisation and the type of deposit under consideration, and to the activity he is undertaking, to qualify as a competent person in terms of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code 2012 Edition). David Williams consents to the inclusion of such information in this report in the form and context in which it appears. The JORC Code (2012 Edition) 'Table 1' for the Kalongwe Mineral Resource estimate can be found in Regal's ASX release dated 5 February 2015.

2.9 Background Information

The Kalongwe project discussed in this report is located in the Democratic Republic of Congo (DRC). A locality map of the Kalongwe project is presented in Figure 1. A summary of the project tenement details are listed in Section 3.2. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that the tenements held by Regal are held in good standing. A brief overview of the project is outlined in Section 3. The Independent Valuation of the projects is outlined in Section 4.

Figure 1 Geotectonic Map of Central Africa Showing DRC Project Locations with Major Gold Belts and Deposits of the Region.



3. KALONGWE COPPER - COBALT PROJECT

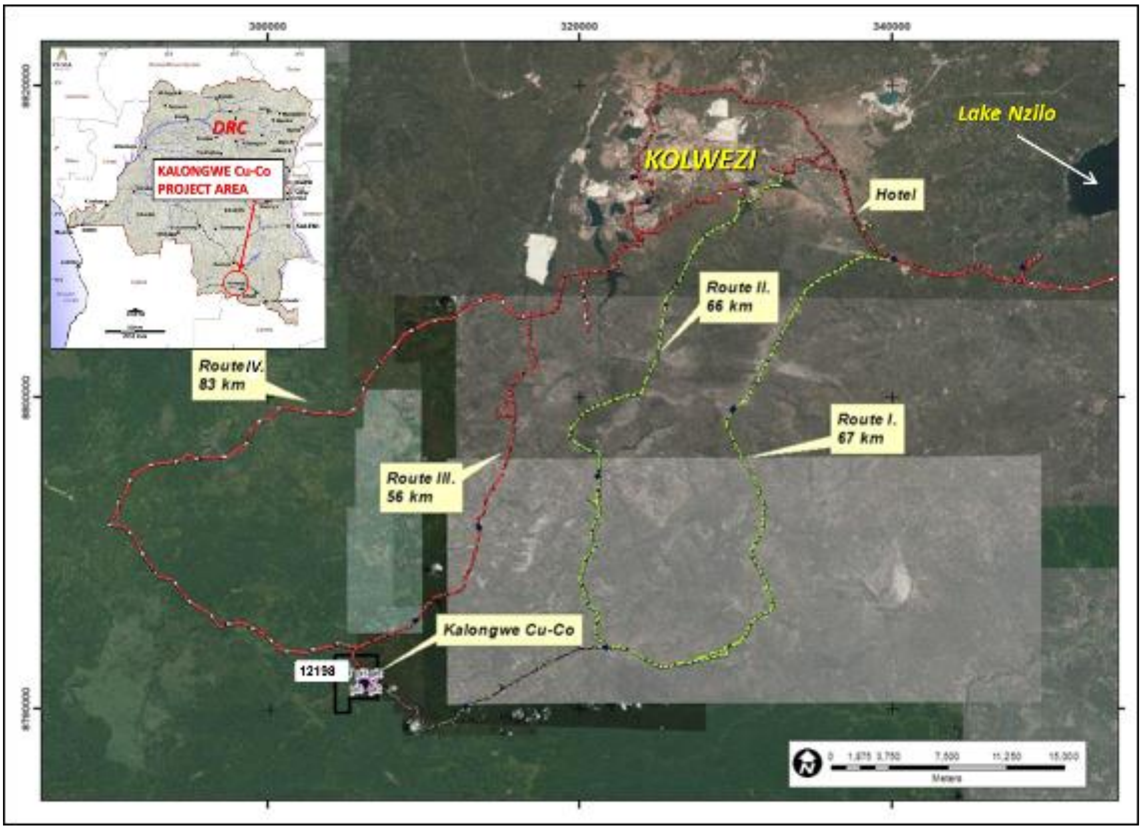
3.1 Introduction

The Kalongwe Copper - Cobalt (Cu-Co) Project is located in the Katanga Province of the DRC and is situated towards the western end of the Central African Copperbelt (Figure 1 and Figure 5). The Copperbelt is considered one of the most important Cu producing regions in the world and hosts many of the world's highest grade Cu resources. The Project is situated some 15km south from Ivanhoe Mines' Kamoa deposit, which is considered to be Africa's largest recent high grade Cu discovery.

3.1.1 Project Location

The Kalongwe Project is situated approximately 45km (direct line) southwest of Kolwezi (Figure 2), within the Katanga Province of the southern DRC, approximately 20km north-northwest from the border with Zambia. Kolwezi is an historical mining centre, which has declined in prosperity due to a lack of investment over the last thirty years.

Figure 2 Location of the Kalongwe Project



3.1.2 Access

The project can be accessed via several four wheel drive (4WD) tracks (Figure 2). Route II is the main transport road for the artisanal ore trucks from Kalongwe, however this route becomes nearly impassable for the last 17km from and into Kalongwe during the rainy season. Route III is suitable for 4WD's and provides relatively fast (2.30 - 2.45hr) access to site, but is not suitable for ore trucks. With some upgrading this could become the main access to site. Route I and IV are long and water-logged during the rainy season.

The topography across the concession area is variable, ranging from open, flat-lying plateau and low areas to a well-developed, incised landscape to the north and east with open drainage down to the west at the mine. Elevation ranges from 1,200m to 1,400m above mean sea level (a.m.s.l).

Around Kalongwe itself, the landscape is undulating, ranging from 1,250m to 1,380m a.m.s.l with locally well-developed drainage.

The region has distinct dry and wet seasons from May to October and November to April respectively. Rainfall averages between 1,100-1,400mm per year, and rainfall of 1,500mm per annum can be expected one year out of five. Annual temperatures range from 7ºC to 34ºC (winter to summer months) and mean annual humidity is recorded as 65-70%, with mean humidity levels varying from 45% in the cool dry season to 65% in the wet season. Humidity levels peak at 90% in October immediately prior to the onset of rains.

3.1.3 Supporting Infrastructure

Following decades of decline and further damage during the civil war (1998 - 2003), the DRC (as a whole) has devastated or absent infrastructure which continues to pose the greatest operational challenge. The Katanga Province in which Regal's Kalongwe project is situated has a well-established mining culture and significant upgrades to infrastructure are occurring, for example a bitumen road now links Kolwezi with Lubumbashi. Overall the transport infrastructure is poor but being improved. Power and water supplies are irregular, and private provision is required.

Kolwezi (Figure 3) has a history as a mining centre and was created in 1937 to be the headquarters for the western mining group of the Union Minière du Haut-Katanga. The city has a population of ~450,000 people and has an airport, with a railway link to Lubumbashi, to the southeast. Nearby Lake Nzilo (formerly Delcommune) was created by damming the Lualaba River to provide a source of hydroelectric power and a reservoir of water for mining activities.

Figure 3 Images for Kolwezi City

3.1.4 Geopolitical Environment

According to Control Risks Group Limited on the Intierra / SNL Metals and Mining website, the DRC has a high political, operational and security risk rating – with an extreme security risk rating for the Orientale province of Ituri district. Despite some institutional reforms since the end of the civil war in 2003, bureaucracy and corruption remain prevalent. Poor governance and lengthy and bureaucratic business procedures remain among the most prominent operational risks facing foreign companies. While the relatively large urban population provides a pool of available and willing labour, skilled industry-specific workers remain in short supply. Potential employees may not have experience of a formal or industrialised workplace.

Crime levels are high, particularly in the main cities. The possibility of renewed country-wide conflict has receded in recent years and particularly since the military defeat of the March 23 rebel group in October 2013. However, sporadic instability persists in certain regions, including the eastern provinces of North and South Kivu, and the north-eastern Ituri District of Orientale Province. State authority is weak in these areas, and dozens of local rebel movements and militia groups remain active, despite periodic military campaigns and peace agreements. A combination of army weakness and historic rebel alliances mean that instability is likely to persist in the medium term. Militia violence also continues to pose security risks in north-central areas of Katanga province.

Terrorism risk is low and there is no recent history of terrorism, with no local terrorist groups. However, there is a low risk of terrorist-style attacks by militia groups, though such attacks are not generally aimed at Western or foreign targets. Violent militia activity primarily targets government security forces or civilian populations, though humanitarian personnel are also subject to frequent attacks.

Government support for mining in the DRC is strong with a new mining code implemented in 2002.

3.2 Ownership and Tenure

Tenement details are given in Table 3 below.

Table 3 Kalongwe Cu-Co Project Tenement Details

Exploration Licence	Area (km^2)	Grant Date	Expiry Date	Tenement Holder	Regal Interest
PR12198	8.4	13/04/2010	12/04/2015*	Kalongwe Mining SA	28.5%

**Regal announced on the 29 October 2015 to the ASX that a Mining Licence covering PR12198 had been granted to Kalongwe Mining SA (Regal, 2015d) for an initial term of 30 years.*

3.2.1 Project Ownership and Relevant Interests

Regal owns 28.5% of the Kalongwe project which is detailed below in section 3.2.2.

3.2.2 Agreements

In November 2013, Regal and Traxys Europe SA (Traxys) entered into a formal and binding Memorandum of Understanding (MoU) and subsequently entered into a binding agreement with a DRC registered company, La Generale Industrielle et Commerciale au Congo SPRL (GICC), to obtain a 60% interest in the permit PR12198, with a right to acquire a further 20% interest on completion of a bankable feasibility study (BFS).

The ownership of PR 12198 was transferred from GICC to a newly incorporated DRC registered company, Kalongwe Mining. Shares in Kalongwe Mining are currently held 30% by Regal, 30% by Traxys and 40% by GICC. PR12198 was issued under the current DRC Mining Code, which allows for the Joint Venture to hold a 95% interest in the project when it is converted from an exploration licence (PR) to a Mining Licence (PE). The key terms agreed by Regal and Traxys in the MoU are as follows:

1. The companies have entered into an agreement to acquire an immediate 60% of an exploration permit in the DRC for the purpose of developing a mining project.
2. Regal's initial interest in the project will be 30% and Traxys will be 30%.
3. Regal will be responsible for managing exploration activities.
4. Regal and Traxys will contribute on an equal basis to the acquisition cost. A summary of the terms agreed with GICC, the holder of the permit, are that GICC will be paid an initial USD1M and will receive a further USD1M 12 months after signature of the purchase agreement. GICC undertakes to transfer title of permit PR 12198 to a newly incorporated DRC operating company, as soon as possible after the first payment has been made. *Note: these payments have been made.*
5. The title of PR 12198 will be transferred to a newly incorporated DRC company, in which Regal and Traxys will hold an initial 30% interest each and GICC will have a 40% interest.
6. Both parties, should they decide to exercise their right, will also contribute equally to the future purchase of an additional 20% in the project and the additional interest will be shared between the two parties.

7. Each party will contribute up to USD400,000 for a first phase, Stage 1, exploration programme and will continue to fund exploration on a 50/50 basis – while they remain involved in the project.
8. If one party withdraws and the other party remains in the project the interest of the withdrawing party will be diluted in accordance to a standard dilution formula.
9. In the event the project is developed and commences operations and Traxys has at least a 30% interest in the project, Traxys will then have offtake rights on terms to be mutually agreed based on prevailing market conditions and benchmarked on terms of similar agreements between arm's length parties.
10. Regal and Traxys intend to jointly conduct artisanal mining/semi-mechanised operations on the permit and to share their entitlement to the profits. This mining activity is expected to produce a very early positive cash flow.
11. Regal has entered into a separate agreement with its Regal SK joint venture partner, Afrimines. Under the terms of this agreement Afrimines will immediately advance Regal a sum of USD500,000. The loan will be repaid from Regal's share of future profits from any semi mechanised mining activities.

The purpose of the loan was to enable Regal to make its contribution to the initial payment due to the vendor of the Project.

On 20 June 2014, Regal announced to the ASX that in compliance with article 380 of the DRC Mining Code, 100% of the ownership of PR 12198 has been transferred from GICC to Kalongwe Mining, effective 17 June 2014. The transfer of title was endorsed by CAMI (the DRC Mining Register).

On 16 October 2014, Regal announced to the ASX that they were in advanced negotiations with Traxys, to acquire Traxys' 30% interest in the Kalongwe Cu-Co Project. This transaction would increase Regal's interest in Kalongwe from 30% to 60% and result in Traxys becoming a significant shareholder in Regal.

On 26 February 2016, Regals announced to the ASX that in accordance with the DRC Mining Code the shareholders are in the course of completing the transfer of the 5% of the share capital of Kalongwe Mining to the DRC Government, which will result in the respective shareholdings in Kalongwe Mining being Regal 28.5%; Traxys 28.5%; GICC 38%; and the DRC Government 5%.

On 20 April 2016, Regal announced to the ASX that it had executed key agreements for the acquisition of an additional interest in the Kalongwe project.

Regal has executed an agreement with Traxys, whereby Traxys has agreed to sell 100% of its interest in the Kalongwe project to a wholly owned subsidiary of Regal.

The consideration payable by Regal to Traxys is comprised of:

- US$1.5 million worth of shares in Regal at a deemed issue price of A$0.01 per share; and
- US$4 million cash.

The consideration payable will be subject to an adjustment for the pro rata contributions paid by Traxys to Kalongwe since 1 January 2016 (subject to a maximum contribution of US$200,000 by Traxys). The Traxys sale agreement is subject to a number of conditions precedent.

Regal has executed an agreement with GICC, whereby GICC has agreed to sell a 13% interest in the Kalongwe project to a wholly owned subsidiary of Regal.

The consideration payable by Regal to GICC is comprised of:

- US$1.255 million worth of shares in Regal at a deemed issue price of A$0.01 per share; and
- US$1.255 million cash.

The GICC sale agreement is subject to a number of conditions precedent.

Regal also executed a deed of settlement and release with Afrimines and Regal SK, whereby Regal will issue to Afrimines, or its nominee, US$1.2 million worth of shares at a deemed issue price of A$0.01 per share and pay Afrimines US$1.2 million in cash.

3.2.3 Royalties and Taxes

The corporate tax rate on income profits in the DRC is 30%. The mining royalties are 0.5% for iron or ferrous metals, 2% for non-ferrous metals, 2.5% for precious metals, 4% for precious stones, 1% for industrial minerals, solid hydrocarbons and other substances not specifically mentioned, and 0% for standard construction materials. Under the DRC mining code the DRC government retains a 5% interest in mining projects.

3.3 History

3.3.1 Ownership History

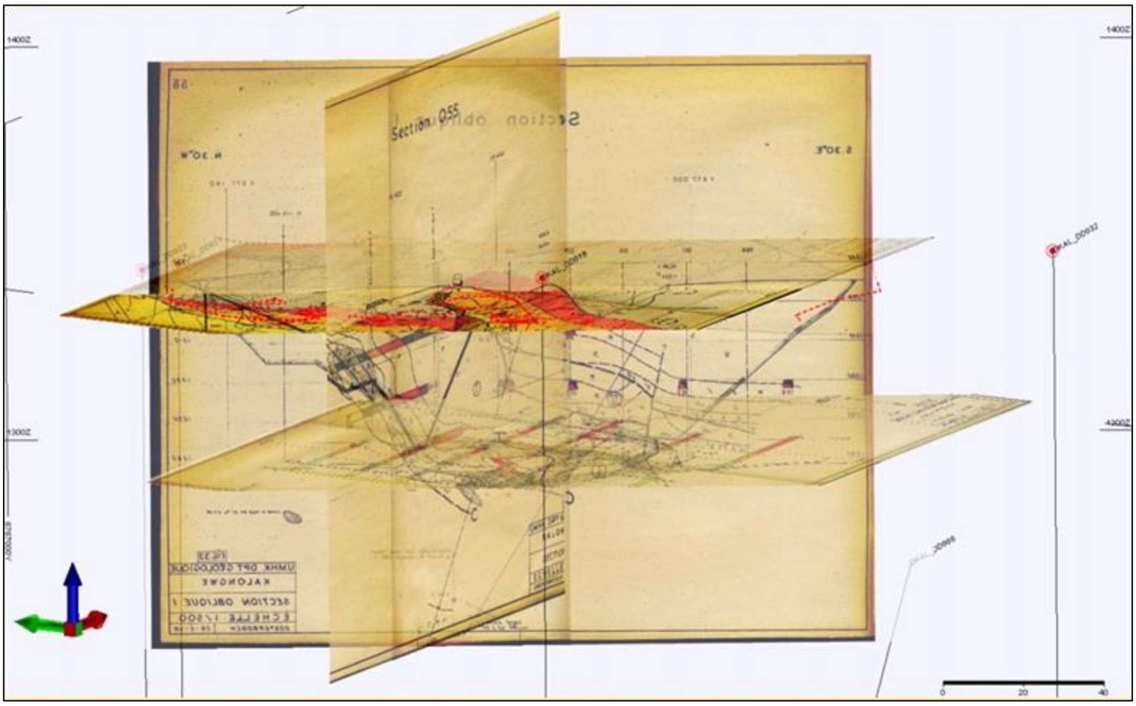
Ownership history is described below within Section 3.3.2, however the key ownership timeframes can be summarised as, Union Minière du Haut-Katanga from 1932, Comité Spécial du Katanga from 1956, Ivanhoe Mines from 2006 and GICC from 2011, before Regal's involvement.

3.3.2 Exploration History

The Kalongwe Cu-Co deposit was first discovered in 1902, when secondary Cu mineralisation was located in outcrops. Trenching was carried out to estimate the value of the cupriferous mineralisation, and it was in one of these prospecting trenches that yellow uranium secondary minerals were discovered in 1931 by Pierre Van den Brande (1896-1957). A small pit was excavated in this area exposing a 40cm thick vein of partly altered pitchblende (Derricks and Oosterbosch, 1958).

During 1932 and 1933, prospecting was carried out for precious metals (Au and PGE) which are known to accompany other uraniferous mineralisation in the Katangan Province, notably at Shinkolobwe (refer to Figure 6). During this time, the Union Minière du Haut-Katanga conducted geological mapping of the area using a pitting grid of 10m x 10m, the construction of three deep pits and connecting underground galleries at three levels (elevations) 1,318m, 1,311m and 1,298m (the latter workings reached the water table) and the opening of a small test quarry (Figure 4). The results were disappointing; with only rare values reaching above 1g/t Au. However, uraniferous veinlets were observed associated with small northeast-southwest trending fractures, particularly in the RAT Gris (refer to Table 5 and section 3.4.2.2).

Figure 4 Geo-referenced Historic Mine Plans and Cross Sections Showing Three Levels of Operation.



In 1947, a new prospecting campaign was set up, consisting of a re-sampling of the existing galleries, the creation of approximately ten trenches and several pits for geological reconnaissance and a deepening of the test quarry up to level 1,311 (total depth of 16m).

In 1956, renewed prospecting commenced on behalf of the Comité Spécial du Katanga in order to study the geology and continuity of the deposit at depth and to make an economic assessment of the viability of mining the deposit for uranium. Three boreholes, KLW1, KLW2 and KLW3, were drilled to test the continuity of the mineralisation below the 1,298m level (Derricks and Oosterbosch, 1958).

The Cu-Co mineralisation at Kalongwe does not appear to have been evaluated seriously since the earliest prospecting after the discovery of the deposit in 1902, with no systematic exploration being carried out until 2006 – this can be explained in part due to the civil unrest the country has experienced.

Ivanhoe Mines (with work carried out by African Mining Consultants) completed fifty four diamond drill holes for ~10,000m (with a further 2,000m of RC drilling) over the Kalongwe Fragment on 100m x 100m spacing from 2006 to 2007. Significant intersections from this campaign are shown in Table 4. The area now covered by PR12198 was transferred to GICC in 2011, in order for Ivanhoe Mines to focus on a resource drill out of the Kamoa Cu deposit, where an Indicated Mineral Resources of 739Mt @ 2.67% Cu, containing 43.5Blb Cu, was subsequently delineated.

Table 4 Summary of Cu Results (using a 0.5% cut-off) from Ivanhoe Mines Diamond Drilling

Hole ID	Utm X	Utm Y	From (m)	To (m)	Intersected Thickness (m)	Cu %	Co %
DKAL_DD001	306402	8781701	90.5	110.0	19.5	3.13	0.19
DKAL_DD001	306402	8781701	133.5	160.5	27.0	2.11	0.61
DKAL_DD004	304300	8780800	128.0	161.6	33.6	2.31	0.28
DKAL_DD005	304700	8780900	71.0	127.3	56.3	2.98	0.46
DKAL_DD006	306337	8781727	30.77	121.0	90.23	3.38	0.93
DKAL_DD006	306337	8781727	71.00	168.47	41.47	3.98	0.37
DKAL_DD007	306385	8781650	49.7	126.3	77.6	4.14	0.57
DKAL_DD010	306380	8781750	49.4	128.7	79.3	3.40	0.34
DKAL_DD012	306465	8781750	103.0	141.0	38.0	1.93	0.18
DKAL_DD017	306324	8781582	111.0	131.0	20.0	3.61	0.19
DKAL_DD018	306200	8781600	8.0	40.0	32.0	2.94	0.54
DKAL_DD019	307500	8784600	32.0	102.0	70.0	2.22	0.84
DKAL_DD021	307500	8784800	18.0	65.0	47.0	2.07	0.43
DKAL_DD025	306300	8781800	36.0	60.0	24.0	2.02	0.88
DKAL_DD030	306500	8781800	135.0	165.0	30.0	2.17	0.14
DKAL_DD032	306300	8781500	65.0	83.1	18.1	2.21	0.65
DKAL_DD032	306300	8781500	91.5	104.0	12.5	3.04	0.72
DKAL_DD058	306500	8781750	142.0	146.0	4.0	3.17	0.20

3.3.3 Previous Mineral Resource Estimates

Regal announced a maiden Mineral Resource for the project in July 2014, see Section 3.6.

3.3.4 Previous Production

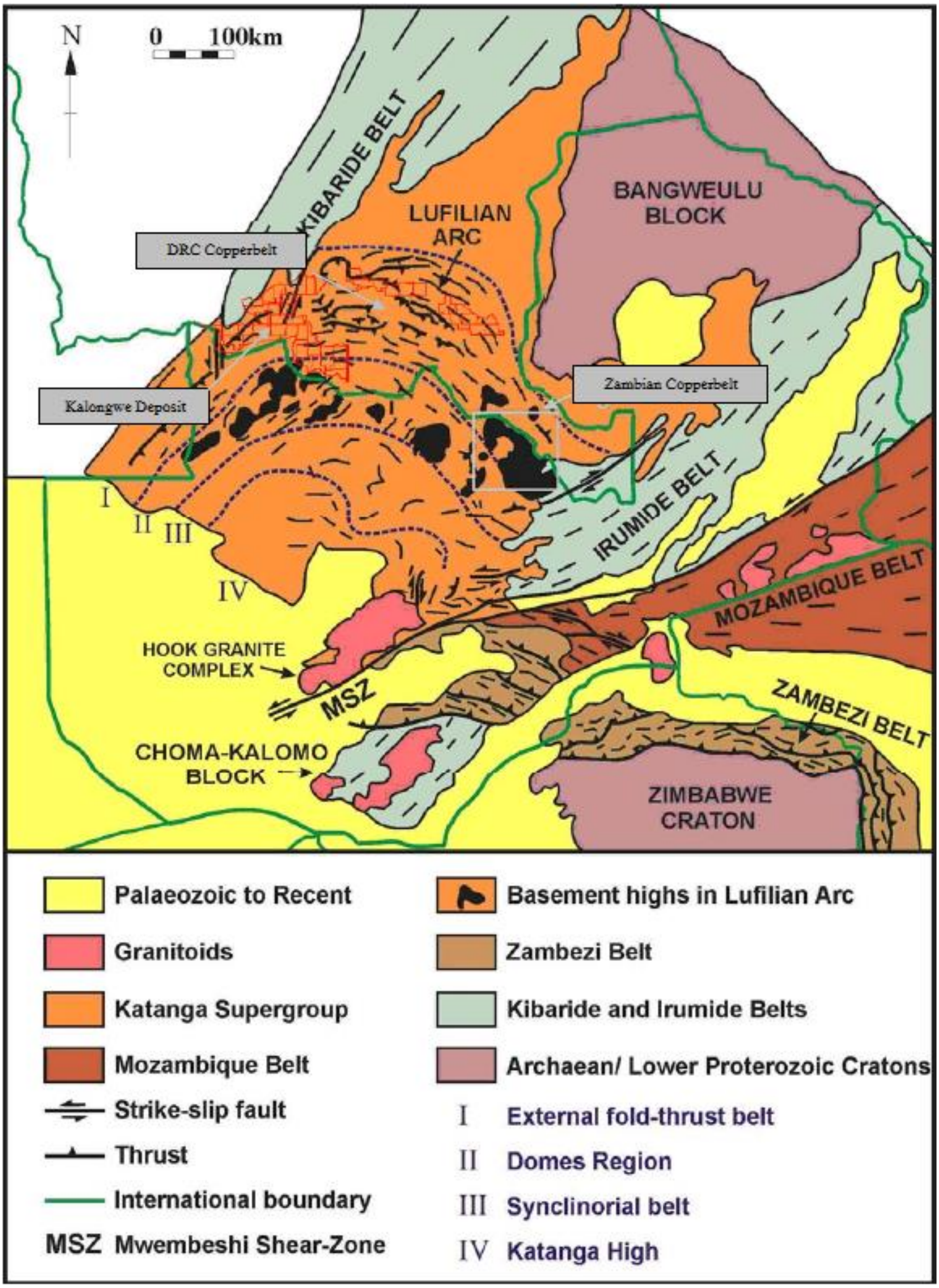
No previous recorded production figures were available to the author in relation to the historic mining described in section 3.3.2 and shown in Figure 4.

The Kalongwe Cu-Co deposit was an established artisanal mining location conducted under state authority supervision and control. Very little artisanal activity is presently occurring with only a handful of miners on the property with most having moved to Kolwezi.

3.4 Geological Setting

The Kalongwe deposit lies close to the western extent of the Central African Copperbelt (CACB) (Figure 5). The CACB is one of the most important copper producing regions in the world accounting for an estimated 8% of the global mining production of copper and is estimated to contain 50% of the copper known to exist in sedimentary hosted copper deposits.

Figure 5 Tectonic Setting of the Central African Copperbelt (Porada, 1989)



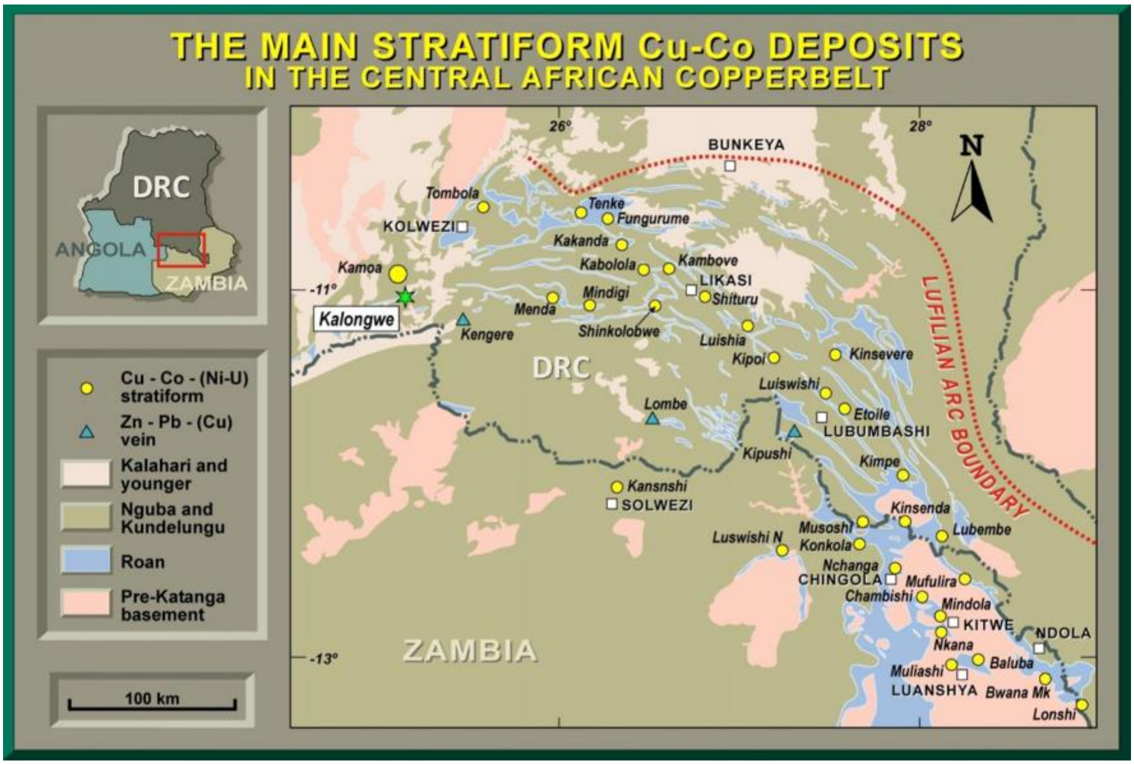
(Source: African Mining Consultants, 2008)

3.4.1 Regional Geology and Mineralisation

The Kalongwe deposit lies in the western part of the folded Neoproterozoic Lufilian Arc (Figure 5 and Figure 6), which in the project area includes the Roan, Nguba and Kundelungu groups of rocks.

The rock formations are folded and deformed into a series of west-southwest to east-northeast trending anticlines and synclines in the region. Shallow-marine rocks of the Roan Group, which are the principal ore hosts across Katanga, are exposed in the core of anticlines, while along the flanks of the anticlines and in the broad synclines, diamictite, shales and arenaceous sedimentary units of the Nguba and Kundelungu groups cover large tracts of the region.

Figure 6 Map of the Central African Copperbelt Showing the Main Cu-Co Deposits and Location of Kalongwe.



(Source: Regal Resources Limited, 2013)

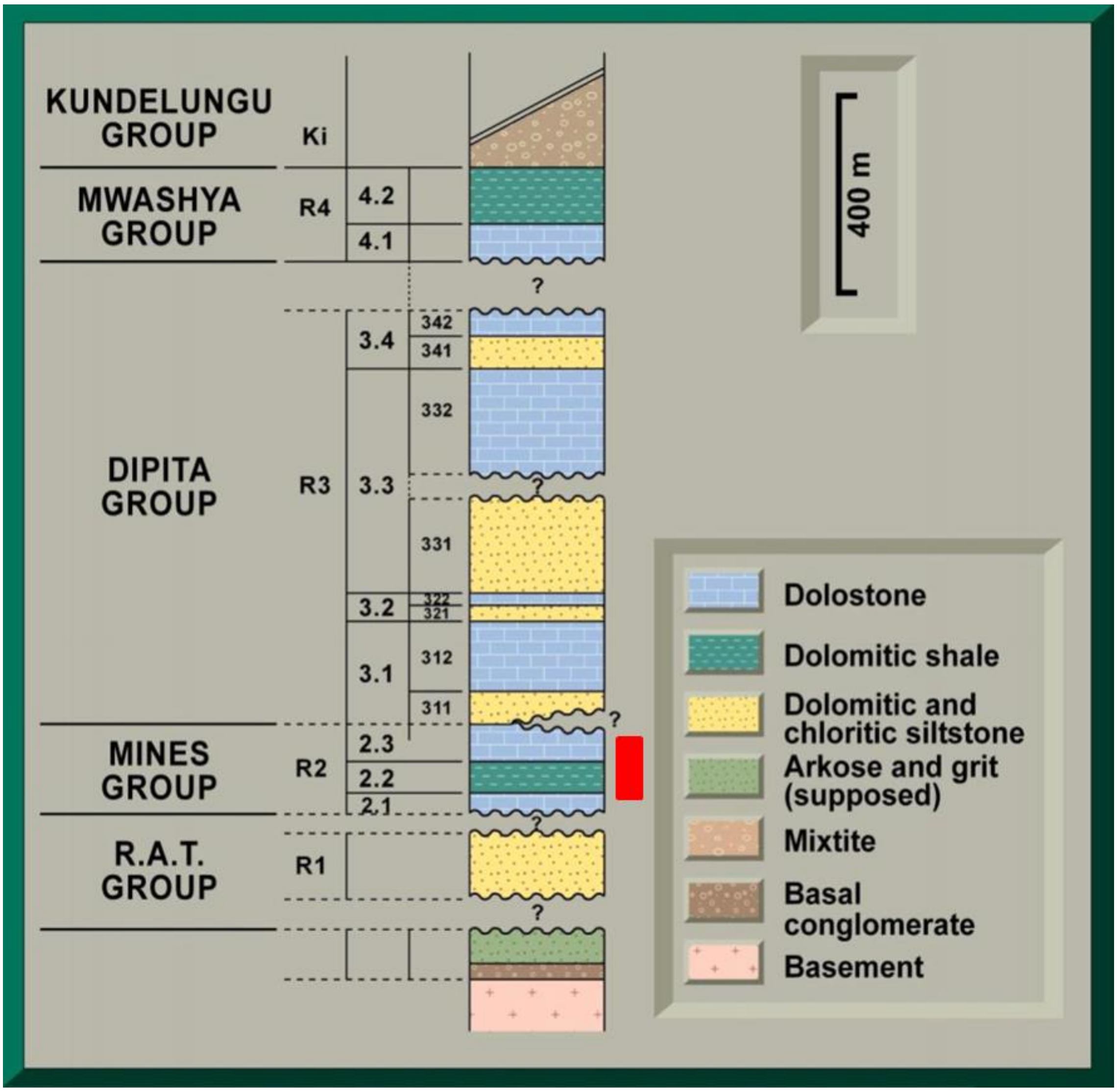
The Katangan supracrustal sedimentary succession is ~5-10km thick (Francois, 1987) and is subdivided into three major stratigraphic units: the Roan, Nguba and Kundelungu Supergroups (Cailteux *et al*., 2005, Table 5 and). The Roan Supergroup is made up of siliciclastic and carbonate rocks deposited in fluvial and lacustrine environments and volcanic and plutonic rocks emplaced in an intracontinental depositional setting. The Nguba Group (formerly known as the Lower Kundelungu) is made up of a succession of siliciclastic and carbonate rocks which includes locally mafic igneous rocks emplaced in a proto-oceanic setting. The Kundelungu sedimentary rocks represent a continental clastic molasse sequence extending into the Palaeozoic (Regal Resources Limited, 2013). Particular attention has been paid to the Roan Supergroup stratigraphy because of the occurrence of the main stratiform Cu-Co orebodies within this lowermost unit of the Katangan. Accounts to the Katangan lithostratigraphy are given by Francois (1974, 1995), Lefebvre (1989), Binda (1994), Cailteux (1994, 1995, 1997), Cailteux *et al*. (1994, 1995), Tshiauka *et al*. (1995) and Kampunzu and Callteux (1999). Synthetic or detailed lithostratigraphic sequences of Katanga (DRC), occasionally with correlation with their Zambian equivalent, may be found in these papers.

Table 5 Stratigraphy of the DRC Copperbelt

Supergroup	Group	Formation	Member	Lithology	Mineralisation
Kundelungu	Plateaux	Ks3		Arkoses, sandstones	
	Kiubo Ks2	Ks2.1/2.2		Similar to Ks1.3 but with increasing sandstone, sandy shale & siltstone	
	Kalule Ks1	Ks1.2/1.3		Alternating sandstone & shale at top, Ks1.3. Micaceous & calcareous shales; dolomitic limestone at base	
		Ks2.1.1	Petit Conglomerat	Tillite/diamictite	
Nguba	Monwezi Ki2	Ki2.1/2.2.		Coarse sandstone (greywacke); calcareous shale towards South	
	Likasi Ki1	Ki1.3		Argillaceous sandstone (calcareous); minor siltstone	
		Ki1.2.2	Kakontwe	Dolomitic limestone in south	
		Ki1.2		Alternating finely bedded shales, sandy shale	
		Ki1.1	Grand Conglomerat	Diamictite. Minor feldspathic sandstone	KALONGWE
ROAN	Mwashya R4	R4.2		Bedded, weakly calcareous & siliceous shale; locally thin graphitic shales	
		R4.1		Ferruginous dolomite, ironstone with minor jaspilite overlying variably silicified dolomite, and dolomitic shale. Local volcanoclastics	
	Dipita R3	R3.3/3.4		Dolostones alternating with shaley micro-sandstone, minor limestone	
		R3.2		Dolomitic evaporitic shales and sandstone. Silicified dolomite towards top.	
		R3.1.	RGS	Violet-grey dolomitic shale with grit; sandy at base & top	
	Mines Group R2	Kambove Dolomite (CMN) R2.3.	Upper	Pink brown –white dolomite, talcose, cherty, evaporitic breccia; red siltstone	

Supergroup	Group	Formation	Member	Lithology	Mineralisation
				Dolomite (stromatolitic) talcose dolomite, evaporitic breccia; pale grey-green siltstone	
				Pink-brown-white massive dolomite	
			Lower	Dolomitic shale alternating with shaley dolomite locally talcose, rarely sandy. Massive & bedded with algal structures	
				Laminated carbonaceous shaley dolomite with evaporitic structures; minor massive dolomite	
		Dolomitic Shale (SD) R2.2	SD3b	Carbonaceous shale	
			SD3a	Dolomitic shale, shaley dolomite	
			SD2d	Carbonaceous dolomitic shale	
			SD2c	Dolomitic shale, dolomite	
			SD2b + c	Shaley & local sandy dolomite; dolomitic sandstone	
			SD2a	Carbonaceous dolomitic shale	
			BOMZ	Black Ore Mineralised Zone dolomite	
			SDB	Basal dolomitic shale	
		Kamoto Dolomie R2.1	RSC	Vuggy silicified dolomite	
			RSF	Laminated silicified shale	
			DSTRAT	Bedded dolomite	
			RAT Gris	Grey-green argillite (rarely sandy)	
	RAT (R1)	RAT Lilas		Sandy (dolomitic) argillite & argillaceous sandstones	

Figure 7 Lower Part of the Katanga Stratigraphy.



Note: Stratigraphic Section Relevant to Kalongwe Mineralisation Highlighted (red).
Source: Regal Resources Limited, 2013.

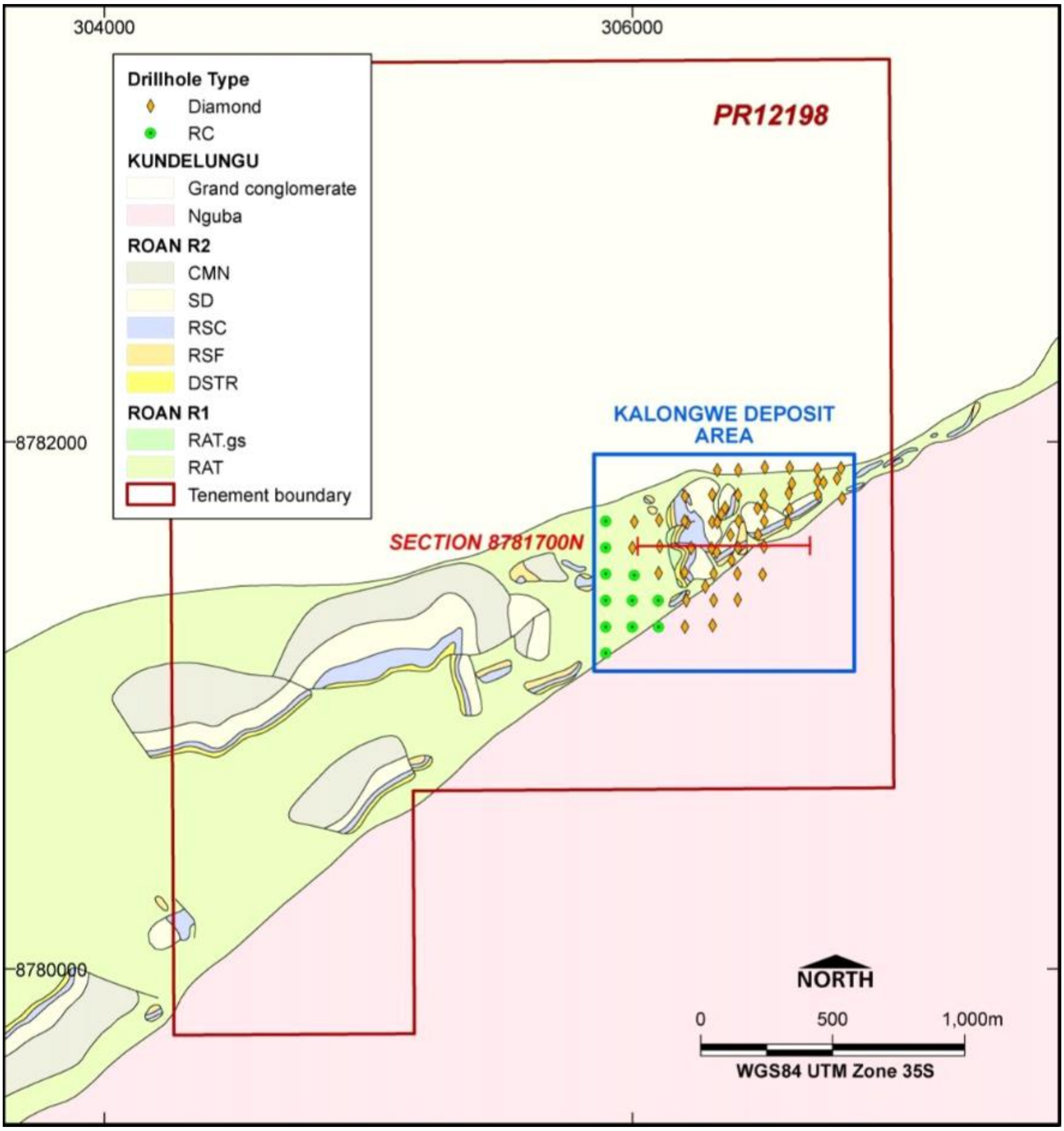
3.4.2 Project Geology

The mineralisation at Kalongwe occurs in rocks of the Roan Supergroup located in the core of an open fold anticline that occupies a westwards widening, corridor covering the southern part of the PR 12198 tenement area. The Roan Supergroup consists of argillaceous, sandy and talcouse breccia clasts (RAT) that enclose large (up to several hundreds of metres long) mega-fragments known as écailles of stromatolitic dolomites and carbonaceous dolomites of the Lower Roan (R2). The corridor of Lower Roan rocks is flanked by diamictite and arenaceous shales and sandstones of the Nguba Group (Ki1.1.) to the northwest and Mwashya dolomite and sandstones (R4) to the south east (Figure 6).

The main, simplified, units identified from the drilling programmes consist of units from the RAT and Mines and Lower Kundelungu Nguba Formations, exhibiting various stages of weathering from residual soil to fresh rock, and intact rock strengths from very weak to extremely strong. These lithologies occur as a Mines Subgroup fragment (Ecaille) in the form of a near-recumbent north east-dipping anticline with a major zone of breccia paralleling the axial plane and disrupting the core. The lower limb contains an inverted sequence of Mines Subgroup units including SD and CMN. The upper limb is pervasively weathered but contains RSC and SD units (refer to Figure 8 and Table

5). Towards the east, other smaller fragments of R2 rocks exist but are generally not mineralised. Oxidation and severe decomposition persists down to depths between 150 and 200m which may often hinder observations with regards to lithology types from the drilling programs.

Figure 8 Geological Map of the Kalongwe Cu-Co Project Area and Surrounds.



The following lithological descriptions are taken from African Mining Consultants (2008) technical report and are presented from the base of the stratigraphical column (refer to Table 5) upwards.

3.4.2.1 RAT Lilas

This formation commences as a lilac, maroon or pinkish violet argillite with rare poorly-defined bedding and odd sand grains. With depth, fine grained sandier variations emerge, mostly poorly sorted. However, fine to poorly bedded argillaceous sandstone and fine grained sandstone is more common. This RAT is frequently crossed by a well-developed stockwork or fractures infilled by dolomite ±quartz and chlorite plus hematite.

3.4.2.2 *RAT Gris*

The RAT Gris appears to occur as two facies:

1. The upper member is a massive competent argillite, olive to pale beige and very pale brown, when fresh and brownish-pink to maroon (due to haematitic alteration) when weathered. Isolated coarse sand grains float in the ultrafine grained matrix or rarely define a very crude bedding. In DKAL_DD17, a knife sharp top contact is marked by a 3cm coarse argillaceous sandstone. It is very weakly dolomitic. This may be the RAT Supèrieur defined by Union Minière and probably overlies the KARG, although it normally develops to the exclusion of the latter and is the more widespread of the two units. It looks very similar to the RAT GRIS around Kolwezi and is probably 3-7m thick.

2. The Kalongwe Argillite (KARG). This is a mixed assemblage of olive and grey, almost laminated shale merging into virtually unstratified argillite that is intercalated with an argillaceous, medium to thinly bedded dolomite. The latter contains cream coloured pure dolomite bands with a sharp base, grading up into zones with evaporitic dolomite pseudomorphs in regularly bedded silty dolomite and argillite. This dolomitic and argillaceous pair defines obvious cycles from 1.5 to 5m thick. The olive-grey argillite is rarely sandy. This member is always well mineralised. An undisturbed profile is probably not available; however, the maximum thickness is possibly in the region of 12-15m.

Both of these facies may be silicified, particularly where mineralised. A clear basal contact between the KARG and RAT Lilas has not been seen but the probable normal RAT Gris (Supèrieur) appears to grade fairly rapidly into the older maroon RAT sandy argillite.

3.4.2.3 *DSTRAT*

This formation is characterised by both thick and laminated bedding and is almost always silicified to varying degrees, especially along the thicker bands which frequently take on a reddish or maroon colour. The other, more finely bedded shaley sediment tends to be pale brown to cream, depending on the degree of weathering. Common features are sparse large ovoid nodules. The DSTRAT is always <4m thick. The basal contact is normally fairly sharp and conformable.

3.4.2.4 *RSF*

This characteristic laminated dolomitic shale ranges from 10-15m in thickness and normally hosts 1-5% fine bedded pyrite. In a number of holes, the lower portion is poorly silicified and very carbonaceous, although this facies appears uncommon, possibly reflecting widespread intense silicification. A short gradational base exists.

3.4.2.5 *RSC*

The vuggy silicified dolomite is easily recognisable by its distinctive cavities when weathered. When silicification is weak, weathered dolomite is soft and brown, and core loss may be significant. When fresh, the texture ranges from massive with very coarse dolomite porphyroblasts, plus rare irregular bedding laminae and features reflecting soft-sediment disturbance. The colours then range from white to pink and rarely pale maroon. Possible evaporitic dolomite pseudomorphs after another mineral were noticed in DKAL_DD007.

Minor dolomitic shale intercalations 20 – 120cm are not unusual, especially towards the base, but in DKAL_DD006, one of these is at least 4m thick. They are often preferentially mineralised.

The normal thickness of the RSC ranges from 20-35m but the presence of angular breccias denotes faults that duplicate the bed so that a breadth of 40-48m may exist.

3.4.2.6 *SD*

The entire sequence is approximately 75-100m thick. The top of the SD starts with massive and also slightly sandy dolomite which grades into a 3-6m zone of weakly silicified well bedded, almost laminated, silty and sandy dolomite marked by minor dissolution of secondary dolomite in voids between sand grains and where replacement of sand grains has occurred. It shows a distinctive pale grey-beige or very pale brown colour.

Much of the rest of the SD consists of very pale grey dolomite and silty dolomite plus dolomitic siltstone with diffuse but fine bedding. A noticeable very pale greenish hue in fresh rock probably reflects original chlorite. Bedding is often very regular and parallel. Where a complete section is intact, many of the holes show three distinct carbonaceous shale bands around 3-6m thick.

Fine laminated, slightly crenulated bedding, almost resembling the RSF, has been seen nearer the base and this seems to be associated with traces to 5% bedded pyrite.

Towards the base, the silty component increases such that much of the rock could be termed a weakly dolomitic shale or pure siltstone and, when weathered, a strong flaggy texture may result. In addition, small flattened nodules typical of the SDB are frequently observed in conjunction with traces of fine bedded pyrite.

At the contact with the RSC, there is often subtle silicification of the basal metre, or even protrusions of vuggy silicified dolomite into the shaley sediments. Field observations note that the basal member of the SD resting on the RSC can either be the dominant dolomitic siltstone or carbonaceous shale. This reflects different facies and chrono-stratigraphic overlap.

3.4.2.7 CMN

This can be divided into Upper and Lower portions.

1. Upper CMN consists of both fine, thickly bedded, occasionally cherty or siliceous dolomite with one medium-coarse grained, pale brown sandstone bed, <1.2m thick, towards the top. Colours range from white to pale grey with occasional pinkish layers. Massive and recrystallised bands are fairly common. Stylolitic laminae are common in the massive units. Talc is not common and found mainly on joints. A complete member is probably 60-75m thick. It is possible that a pale brown, weakly current bedded medium grained sandstone band <2m thick lies near the top. Traces of bedded pyrite exist.
2. The Lower CMN is characterised by pale to dark grey dolomite and minor silty dolomite with much fine to laminated bedding with carbonaceous laminae. Thin, slightly crystalline, massive pale grey dolomite bands form a minor component. Occasional pyrite spots are rare. Evaporite structures and dolomite pseudomorphs after gypsum or anhydrite are common.

Distinct 20cm to >3m zones with abundant inter-bedded carbonaceous shale are important. The latter display a characteristic network of discordant and bedding parallel dolomite veinlets with talc. Bedded pyrite is common though never exceeds 1-2%. Occasional erosional bases, intraformational soft-sediment conglomerate with rip-up features allows determination of the younging direction.

Contorted bedding plus evidence of soft-sediment deformation and shearing is widespread, sometimes producing a typical porphyroblastic schist texture. Talc is found mainly on joints. However one contained a thick zone of carbonaceous black (+ minor pale brown and beige) talc rock (possibly schist). This horizon carries significant Co and minor malachite and is thought to be the sheared and hydrothermally altered equivalent of the Lower CMN.

The lower boundary is marked by a gradation into more massive very pale grey, slightly silicified dolomite.

3.4.2.8 RGS

This unit occurs as classic greyish-violet, massive, weakly dolomitic argillite. It is rarely bedded but contains coarse sand grains and ragged sandy patches – the classic 'shale with grit' texture known in Zambia. All contacts are delineated by breccias with the exception of one hole where a bedded greyish violet sandstone and argillite pass conformably into Upper CMN. However, hole DKAL_DD26 shows a fractured argillite graduating downwards into a shaley sandstone and bedded fine sandstone. The maroon to reddish violet colour and chloritic stockwork is similar to the RAT LILAC, therefore some ambiguity exists.

3.4.2.9 Mwashya

To date, only the R4.1 succession has been recognised but is often deeply weathered. At the top, a thin soft brown dolomite with rare silicified patches overlies thickly bedded ferruginous dolomite (defined by 2-20% haematitic layers), which in turn is followed by ironstone intercalated with dolomite. This black–maroon and brown ferruginous rock is rarely more than 2-6m thick and rather friable. Below it, there is a monotonous succession of massive and crystalline dolomite which is occasionally silicified. It is rarely bedded except lower in the strata and sometimes presents as argillaceous and very light grey to white in colour with occasional stylolitic laminae. Where sheared, talc, sericite and very pale chlorite may develop. It occurs largely on the southeast flank of the Kalongwe and Kalongwe northeast grids. However, above 50-70m depth, much of it is converted to a talcose saprock.

A massive white crystalline and rarely coarsely bedded dolomite has been encountered in the northwest of the Kalongwe grid beneath the RAT and diamictite. The stratigraphic position of this unit is uncertain.

3.4.2.10 Grand Conglomerate

This distinctive tillite formation (Ki1.1) is distinguished by irregularly-sized, rounded to sub-rounded clasts from <5mm to >20cm, totally dominated by a fine argillaceous sandy matrix. Normally brownish, it sometimes is dominated by violet to purple grey and then, where strongly weathered with only small clasts, it can be confused with RAT LILAC. When strongly weathered, the rock becomes very clayey. Apart from thin, rare coarse sandy beds, the diamictite is very homogeneous. It tends to be fresher at the top and gradually becomes more weathered downwards.

3.4.2.11 Kundelungu Siltstones

In general, there are two major formations which have not been interpreted as seen as associated:

1. A sandy shale grading into very fine sandstone and silty sandstone which ranges from medium to thickly bedded and massive. Occasional graded bedding is present plus 'rip-up' structures and evidence of dewatering. This arenaceous material is very thick (>100 metres?) and fairly monotonous. The colouring is either largely brownish-maroon or greenish-grey. The shaley bands tend to be more maroon.

   Locally, the sand and shale bands are regularly intercalated, although a true striped appearance is rare. This Kundelungu formation (Ki1.2) is frequently cut by a dolomite-calcite-quartz ±chlorite stockwork.

2. A more regularly bedded reddish/pink and violet maroon, hematitic sandstone and lesser shale. The sandstone ranges from coarse, cross-bedded to fine and is sometimes more massive. A very fine grained red dolomitic argillite has been noted on one occasion. This may be the Ki.1.3. Stockworks here always carry fine specularite in chlorite, clay and/or dolomite. All contacts between Kundelungu and other rocks are sheared or brecciated.

3.4.2.12 Regolith Units

For the most part, the area is covered with a brown, rarely orange, sandy>loamy soil 0.2-3.0m thick that passes into a saprolite or saprock, 4 to >70m deep. Although very strongly weathered, the latter possesses some texture or structure that may identify the precursor lithology. It is noted that dolomitic rocks frequently weather to produce talc.

In the north of Kalongwe deposit, there is a more gradual transition into yellow and white, fine grained, homogeneous Kalahari sand. Occasionally, there is a poorly developed yellow to brown silcrete at the base of the soil horizon, and again close to the transition from Kalahari sand into saprock.

The ground conditions to the south of the deposit as determined from drilling were observed to deteriorate, with much greater degrees of weathering. One interpretation may be that these southerly holes are in closer proximity to a major structure. A large structure is interpreted from the geophysics.

3.4.2.13 Polymictic Breccia

Also referred to as the Brèche Hétérogène, this rock can occur at any level and manifests as a beige, brownish to pale green rock, which is mostly matrix-supported, with mostly sub-rounded clasts of many rock types. It may vary from a few centimetres to tens of metres. However, there is a tendency for pieces from nearby units to dominate. Clasts may range in size from 2 to >300mm and occasionally large rafts (fragments 1-3m) of certain proximal strata occur, which can also be mapped separately. The most common matrix is dolomite, providing the pale brownish colour, while chlorite gives a greenish hue and sericite a very pale yellow green or light yellow-beige grey. It is commonly injected along the contacts between major stratigraphic or lithological divisions.

Some breccias display a crude layering as shown by orientation of longer clasts as well as changes in the composition or size range of clasts and matrix.

3.4.3 Controls on Mineralisation

According to African Mining Consultants (2008), all mineralisation at Kalongwe appears to be structurally controlled, with the exception of finely bedded pyrite. While occasionally, carrollite, minor chalcocite and pyrite blebs, crystals and veinlets appear to concentrate on bedding planes (as in silicified DSTRAT and KARG) a close examination reveals that they are associated with tiny veinlets that preferentially exploit chemical or physical discontinuities along these planes. Fine pyrite blebs and crystals are particularly common along the RSF laminations and as very fine disseminations and tiny laminae in the SD and more rarely in the CMN.

The bulk of the Cu-Co mineralisation occurs in the lower SD (SDB) RSC, RSF, DSTRAT and RATG units. Significant mineralisation (>0.5% Cu) elsewhere occurs in altered heterogeneous breccia.

On a broad scale, Cu-Co bearing R2 strata and mineralised breccia appears to be limited to the limbs and core of a flat-lying nappe which closes to the east. The breccia is possibly concordant in many places and this is congruent with abundant evidence of layer parallel shearing. Within the breccia, potentially economic mineralisation seems to occur most commonly close to the boundary with the R2 dolomitic rocks.

The absence of mineralisation in the southwest portion of the grid coincides with the disappearance of the principal mineralisation hosts. These seem to have been removed by southeast to northwest thrusting and stacked as allocthonous slices (mini ecailles) in the area bound by grid lines 306150, 8781000, 306500 and ~8781500. This would explain the repeated, tectonically-bounded sections in drill holes such as DD019, which agrees with the interpretation of Union Minière from their underground exploration.

In more detail, Cu mineralisation in the lower SD dolomitic siltstone/shale is largely malachite and minor chrysocolla. It is usually limited to within 2-8m of the RSC and found in a network of fractures associated with limonite and quartz. The original sulphide was almost entirely chalcocite. No significant or widespread Cu mineralisation has been found in the carbonaceous shale adjacent the RSC except right on the contact.

As a general rule, mineralisation is more concentrated close to brecciated boundaries. Silicified and altered fault or shear zones around the base of the RSC and the RSF to RATG sequence are particularly favourable to mineralisation. Chalcopyrite is more common in quartz > dolomite in faulted or sheared zones than in more general veinlets and stockworks.

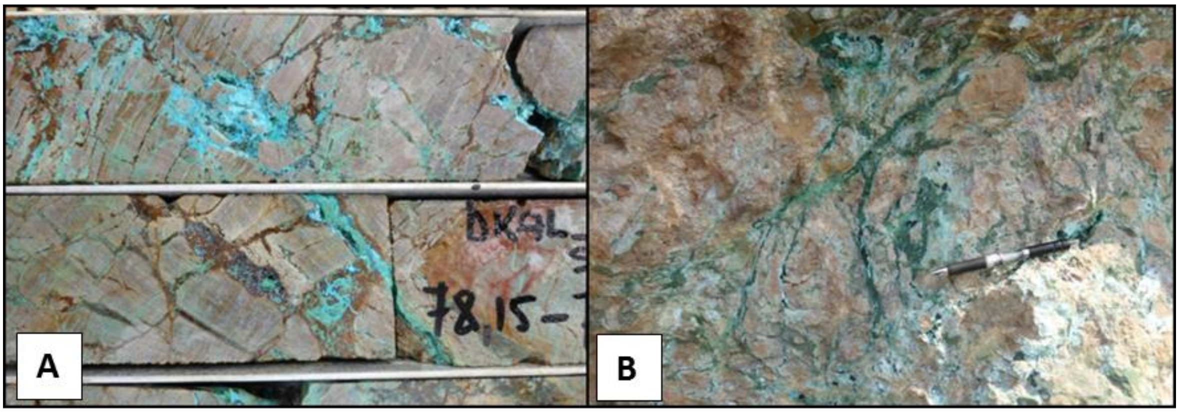
In the RSC, mineralisation can sometimes concentrate near the contacts, but where strongly weathered it may be distributed throughout the horizon. Both malachite and heterogenite are the most common minerals, although chrysocolla may dominate at times. These occur as vug and fracture infill, plus spots and veinlets. When weakly weathered to fresh, occasional spots and widely disseminated blebs of chalcocite ±chalcopyrite ±carrollite prevail. Strong, narrow brecciated zones within the RSC do not appear to enhance mineralisation as Cu-sulphides are largely absent from siliceous matrix. However, towards the base, brecciation accompanied by additional hydrothermal silicification and dolomitisation leads to more abundant disseminated sulphides.

In the DSTRAT and RSF, the mineralisation again is associated with fracture infill plus disseminations usually connected to minute silica and/or dolomite veinlets, particularly where the entire rock is well brecciated and silicified. The dominant sulphides vary between chalcocite and carrollite with fine bornite in later siliceous veinlets and fractures and breccia matrix. A common feature in the DSTRAT and RATG is large disseminated carrolite crystals surrounded by very small pyrite specks. It is noted that chalcocite often oxidizes to a very deep brownish-red spongy material which almost certainly contains ultra-fine cuprite.

The bulk of the mineralisation in the RATG occurs in the Kalongwe Argillite (KARG) facies in a similar manner to that described above. However, the dominant sulphide is definitely bornite, often enclosing subordinate carrollite. Where oxidized, malachite and heterogenite are most common. Native Cu has been observed in a narrow, fractured, strongly oxidised zone in RATG in DKAL_DD19. Otherwise, the only other certain occurrence is reported to have been in vuggy limonitic quartz vein within a large fragment of silty fine sandstone of uncertain origin at the base of a very thick polylithic breccia. Oxidised Cu mineralisation is associated with networks of veinlets in the normal RATG and rarely right at the top of the RAT Lilas but only in small amounts.

Mineralisation in the heterogeneous breccia is almost always in the breccia matrix (Figure 9) and is usually secondary, comprising almost entirely malachite. Economic Cu mineralisation is more common proximal to the surrounding R2 sedimentary unit.

Figure 9 Mineralised Breccia in Drill Core DKAL_DD010T (A) and Surface Outcrop (B)



Elsewhere, minor malachite > chrysocolla is been noted in partly silicified shears/faults, cutting the CMN and the SD but it is not economically important and is usually confined to zones <2m wide. In hole DKAL_DD61, ~5-25% malachite > chrysocolla was observed in a breccia matrix in a major silicified fault cutting SD at -239m. This could be a branch off one of the major bounding structures.

In summary, the mineralisation around Kalongwe Main grid appears to be bounded to the north and south by east-northeast-trending strike faults or steep thrusts that define the ecaille. In the east, favourable hosts are restricted by the closure of the nappe, while to the west, the typical R2 Mines Sequence is absent due to thrusting. Upside potential is thus rather limited, unless favourable horizons are hidden to the southwest or much deeper.

Fine pyrite blebs and crystals are particularly common along the RSF laminations and as very fine disseminations and tiny laminae in the SD and more rarely in the CMN, especially in the carbonaceous shales.

On a regional scale sediment-hosted stratiform (redox-boundary) Cu-Co deposits are associated with fault-bounded sub-basins and major basin-bounding faults; these extensional rift-stage faults are typically inverted during orogenic compression but can be recognised as lineaments with associated changes in fold style, inversion-related anticlines, and by abrupt thickness and facies changes both below and above the level of redox mineralisation.

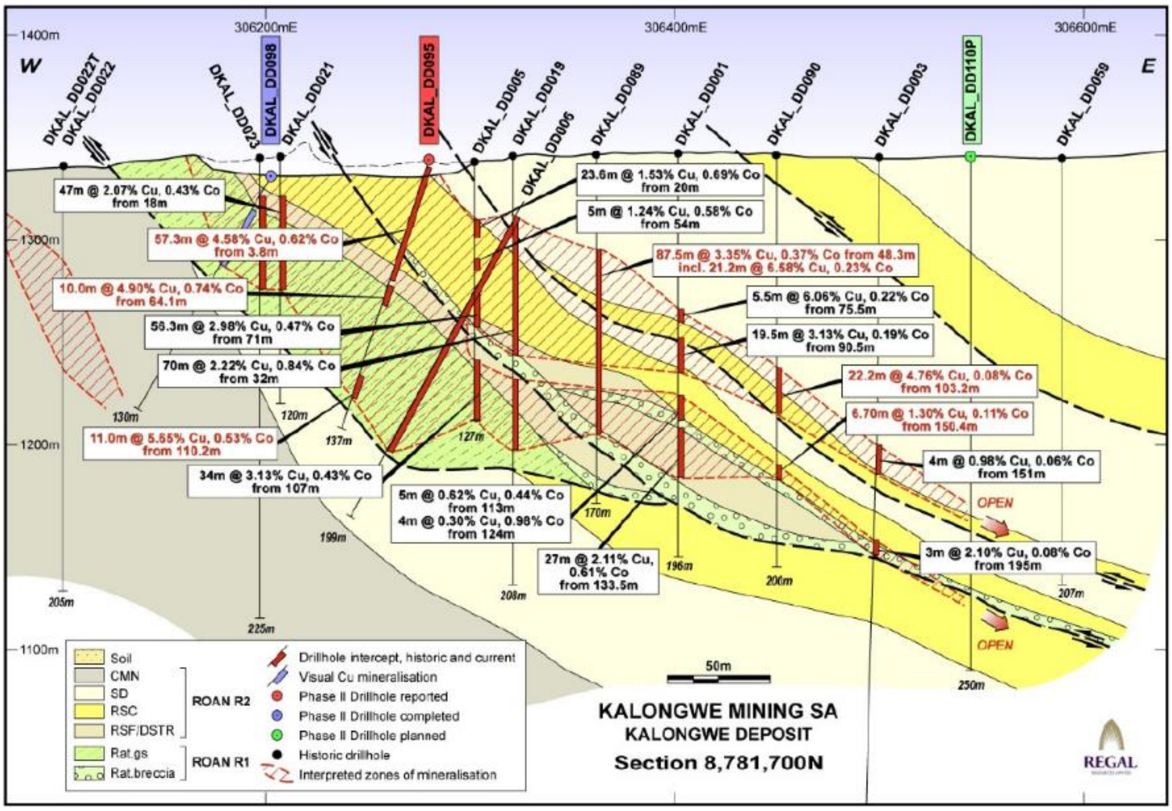
An important feature of all the Mines Subgroup stratiform Cu-Co deposits is their post-mineralisation fragmentation into irregular blocks (écailles) that range from tens to several thousands (average several hundreds) of metres in size. The fragments occur within a poorly differentiated haematitic siltstones and breccia collectively termed RAT breccia. Fragmentation is thought to have occurred due to and during salt tectonism and they occur as discordant diapiric or piercement structures, and as preserved remnants of former thrust sheets. Faults of any type can focus late supergene concentrations of both Cu and Co in unorthodox stratigraphic positions. Fragments of Mines Subgroup may be isolated, vertically stacked, and commonly form tight anticlines and other complex geometries. Exploration for Mines Subgroup stratiform Cu-Co therefore involves detailed drill evaluation, particularly where deposits do not outcrop.

3.4.3.1 Structure

Significant structures relating to mineralisation are associated with thrusts and accompanying fracture systems dipping gently in an easterly and southeast direction. The overall structure can be summarised in terms of southeast to northwest shallow thrusts and lateral ramps together with polymictic breccias that appear to have cut through a gently east-dipping nappe sub-parallel to the bedding.

The net result is that shallow intersections show a right-way-up sequence with a core of breccia and/or RAT Lilas overlying repeated, fault-bound écailles with a largely inverted stratigraphy. More detailed mapping around the area of artisanal mining covering the western segment infers two parallel east-west wrench faults which offset the strata by 10-30m. Francois (1987) deduced that the southeast flank of the R2 sequence dips gently northwest and was ruptured into several 100m long segments by roughly northerly-trending structures filled with RAT Lilas debris. Recent drilling suggests that these breaks are occupied by narrow sub-vertical, brittle fracture zones that are heavily weathered near surface and that RAT Lilas material only squeezes into these shatter belts towards the northern margins of the Roan window (Figure 10). The southeast boundary of the Roan seems to be defined by sub-vertically dipping faults while similar major structures demarcate the northern boundary.

Figure 10 Geological Cross Section 8,781,700mN of the Kalongwe Cu-Co Mineralisation



(Source: Regal Resources Limited, 2014)

As a result of the highly fractured nature of the deposit, no orientated core data was collected, however the following structures can be manifest in a number of ways:

- Zones with core loss or strong weathering in relatively fresh rock.
- The juxtaposition of very different rock types on either side of any discontinuity is favourable.
- Major changes of bedding angle approaching a discontinuity often indicate drag of the strata into a fault or shear.
- Strongly silicified or dolomitised sections with disrupted bedding.

- Sudden changes in the style and intensity of alteration and/or mineralisation.
- The presence of breccias.
- Flattening of dolomite porphyroblasts accompanied by foliations or bedding or planar fabric draping around such features. Such features may be <1m wide or >10m in the CMN.
- Bedding-parallel tight folds with streaking out of other clastic or crystalline features.
- Localised and intense dolomite and quartz veining, commonly seen at the base of the RSC and just below.
- In broken formations with core loss, the presence of exotic pieces of rock, out of sequence, strongly suggests that a fault zone exists.
- It is noted that when a shear zone is invaded and the original rock replaced intensively by silica or dolomite, there may not be a well-developed foliation or regular planar fabric.

3.5 Exploration Results and Potential

3.5.1 Recent Exploration Activities

In February 2014, following the granting of all necessary approvals, Regal on behalf of the Kalongwe JV commenced a twelve hole diamond drilling program. The main objective of the program was to validate the Ivanhoe Mines drill results so that they could be incorporated into the database to be used to support a Maiden JORC Mineral Resource estimate.

Phase I Drilling

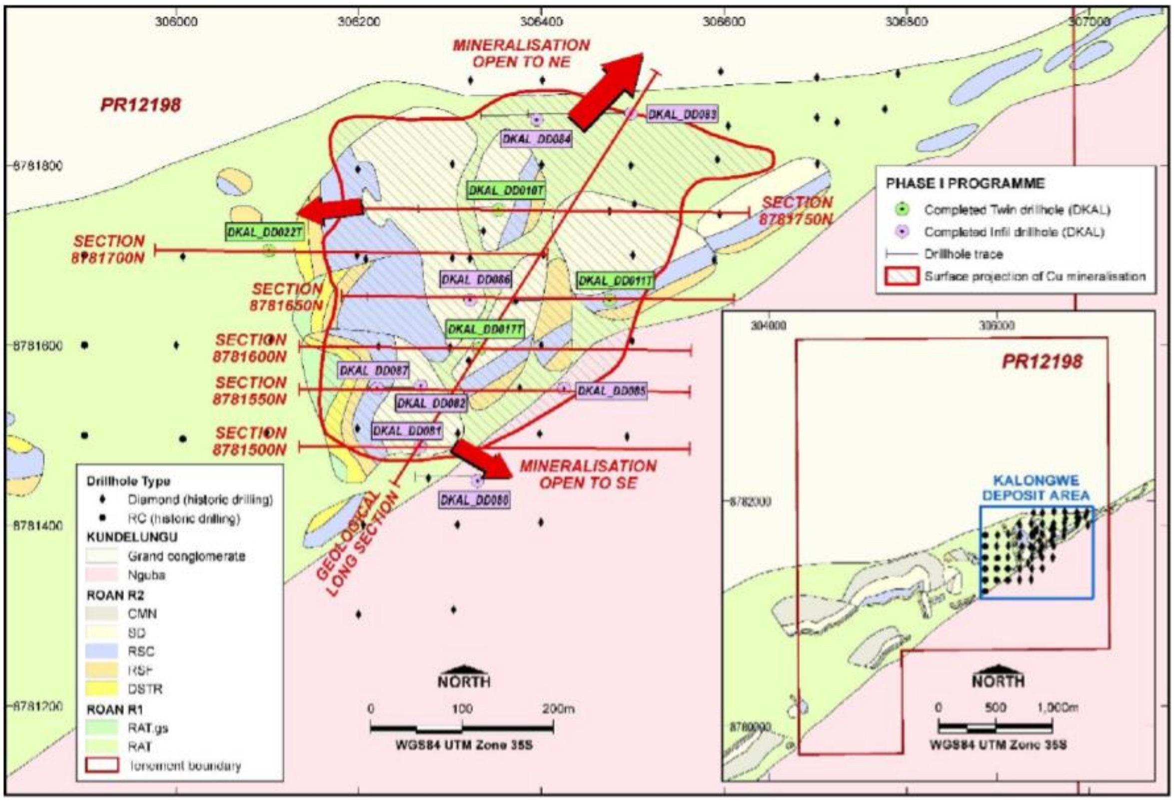
The first four holes of the Phase I program (DKAL_DD010T, DD011T, DD017T and DD022T,) were twinned with historic holes to confirm the previously reported drilling results, (Figure 11).The remaining eight holes completed in the program were either infill holes to test for the lateral continuity of mineralisation between historic holes or drilled as extension holes to target for additional zones of mineralisation.

On 20 June 2014, Regal announced the Company had completed the diamond drilling program for a total of 1,785m and advised that the results (Table 6) were considered to be highly encouraging, (ASX release: Final phase I drilling results received includes 76.7m @ 4.06% Copper, 20 June 2014).

The results of the Phase I program showed a high level of correlation with the historic drill results and indicated there was good continuity of width and grade of mineralisation between holes. An unexpected outcome of the program was the discovery of a laterally extensive, near surface zone, of high grade cobalt mineralisation.

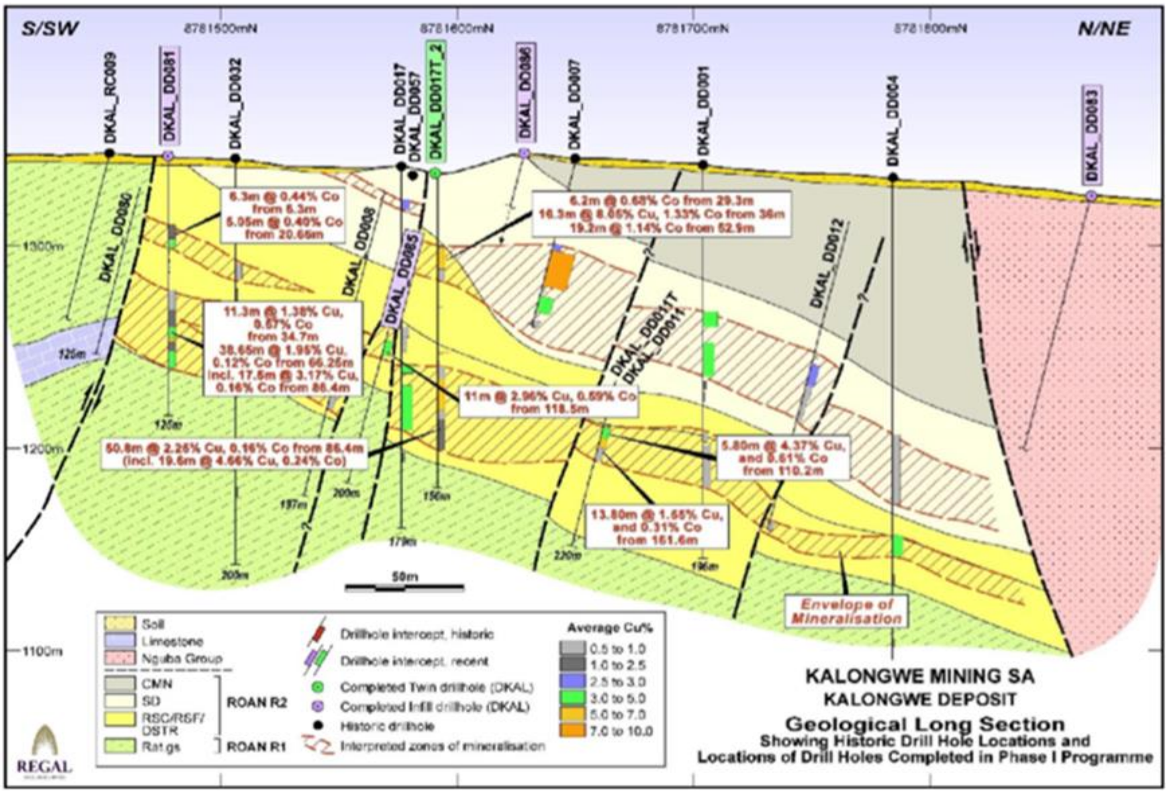
Observations made from logging of the drill core identified that mineralisation at Kalongwe consists predominantly of oxidised Cu minerals formed after copper sulphides, hosted in fractures, veins and as stratabound disseminated mineralisation; and that the mineralisation is confined to stratigraphic units giving it an overall tabular, moderately east, northeast dipping geometry (Figure 11 and Figure 12).

Figure 11 Geological Map of the Kalongwe Cu-Co Project Area and Location of Drill Holes Completed in the Phase I Program



(Source: Regal Resources Limited, 2014)

Figure 12 Geological Long Section of the Kalongwe Cu-Co mineralisation



(Source: Regal Resources Limited, 2014)

Table 6 Phase I Drilling Program Cu-Co Assay Results for Completed Drill Holes

Hole ID	From (m)	To (m)	Down hole interval (m)	Cu (%)	Co (%)	Recovery (%)	Comments
DKAL_DD011T	110.2	116.0	5.8	4.37	0.61	81%	Down hole length
	161.5	175.3	13.7	1.55	0.31	36%	Down hole length
	215.4	218.7	3.3	0.69	0.69	100%	Down hole length
DKAL_DD010T	49.2	117.5	68.3	4.92	0.57	77%	Down hole length
	125.9	126.8	0.9	1.81	0.13	100%	Down hole length
DKAL_DD017T 2	29.3	35.5	6.20	0.11	0.68	83%	Down hole length
	36.0	52.3	16.9	8.05	1.33	85%	Down hole length
	52.9	72.1	19.2	0.16	1.14	57%	Down hole length
	86.4	137.2	50.8	2.25	0.16	95%	Down hole length
Incl.	102.1	121.7	19.6	4.66	0.24	98%	Down hole
DKAL_DD022T	45.8	59.3	13.5	0.55		80%	Down hole length
	67.3	79.7	12.4	0.77		100	Down hole length
	87.9	97.3	10.0	0.56		45%	Down hole length
DKAL_DD080							NSR
DKAL_DD081	8.5	14.8	6.3	0.07	0.44	88%	Down hole length
	20.6	25.7	5.0	0.17	0.48	88%	Down hole length
	34.7	46.0	11.3	1.38	0.57	88%	Down hole
	66.2	104.9	38.6	1.95	0.13	91%	Down hole
Incl.	86.4	103.9	17.5	3.17	0.16	90%	Down hole length
DKAL_DD082	3.0	9.4	6.4	0.09	0.35	89%	Down hole length
	17.0	21.5	4.5	0.22	0.42	89%	Down hole length

Hole ID	From (m)	To (m)	Down hole interval (m)	Cu (%)	Co (%)	Recovery (%)	Comments
	30.7	38.3	7.6	1.11	0.36	77%	Down hole length
	42.3	60.6	18.3	1.13	0.34	94%	Down hole length
	82.5	84.9	2.4	1.68	0.01	100%	Down hole
DKAL_DD083							NSR
DKAL_DD084							NSR
DKAL_DD085	64.4	73.5	9.1	0.11	0.50	92%	Down hole length
	118.5	129.5	11.0	2.96	0.59	66%	Down hole length
DKAL_DD086	37.4	114.1	76.7	4.06	0.52	81%	Down hole length
Incl.	37.4	65.8	19.4	9.82	0.60	95%	Down hole length
DKAL_DD087	12.4	17.1	4.7	0.07	0.37	82%	Down hole length
	23.1	34.2	11.1	0.74	0.46	55%	Down hole

NOTES:

1. All holes are diamond drill holes containing PQ3 and HQ core. Holes suffixed with 'T' are twins of historic drill holes.

2. All samples comprise crushed half core.

3. Assaying was conducted at ALS Chemex Laboratories, Johannesburg, South Africa using industry standard analysis for Copper and Cobalt (ME-ICP61).

4. Certified reference materials, blanks and crushed lab duplicates are inserted into the sample stream and monitored by CSA Global UK.

5. Down hole intercepts are quoted to two decimal places using a >0.5% lower cut-off for Cu and 0.2% cut off for Co which includes no more than 5m of internal dilution but rarely exceeds 2m (>0.5% Cu).

6. No high cutoff grade has been applied.

7. True widths are approximately 80-90% of the reported down-hole interval.

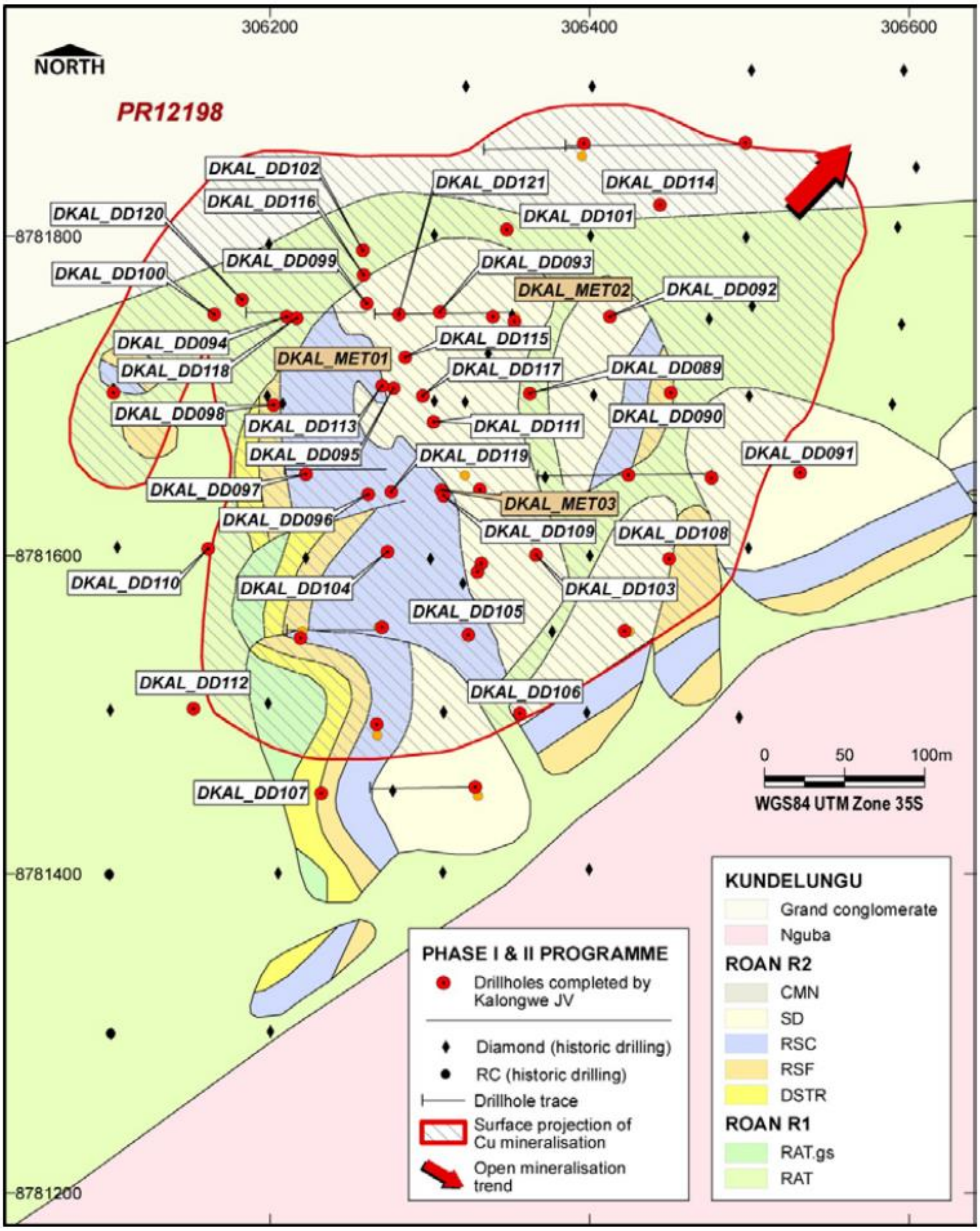
8. NSR = no significant results.

3.5.1.1 Phase II Drilling

Phase II drilling commenced in August 2014, and on 30 January 2015 Regal announced the final results of the program, which comprised 34 holes for an advance of 4,287m. Regal have released a full tabulation of the significant intersections from this drilling program (Regal, 2015a).

Drill holes in the Phase II program were spaced to tighten up the existing hole spacing over the Kalongwe deposit to a 50m by 50m grid pattern, with 50m x 25m spacing in places (Figure 13). The program aimed to increase the level of confidence in grade distribution and to confirm the continuity of the current resource model to allow for a reclassification to a Measured and Indicated category, to support the completion of a Feasibility Study.

Figure 13 Geological Map of the Kalongwe Deposit Area Showing Mineralisation Outline and Phase 1 and 2 Drilling Programmes Completed by the JV

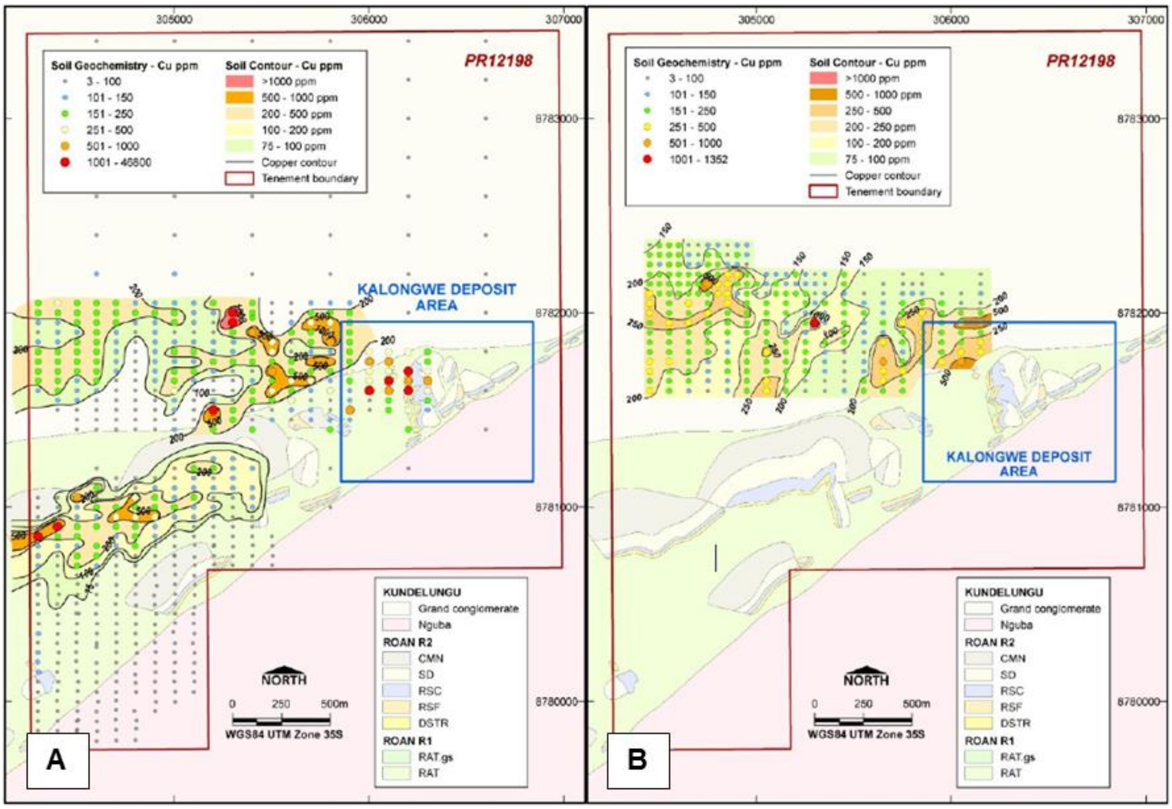


3.5.2 Exploration Potential

To date, Regal's exploration activities at the Kalongwe Project have been predominantly focused on delineating the Cu-Co deposit hosted by the Kalongwe fragment. However, the Kalongwe Mining JV also recognises that significant potential exists to extend the mineral inventory at Kalongwe through systematic exploration of the broader project area within PR 12198.

The Kalongwe fragment represents just one of several fragments of prospective Roan stratigraphy known to exist within core of the southwest trending anticlinal structure. These other fragments have yet to be tested by systematic drill programs, though have been partially covered by soil geochemical sampling programs previously undertaken by Ivanhoe Mines (Figure 14, A). Regal has expanded its exploration activities to include detailed infill soil sampling to follow up on the Ivanhoe Mines results and to include a more regional program to explore for potential new zones of Cu mineralisation hosted in the Kundelungu (host to the world class Kamoa Cu deposit), which has been mapped over the northern half of PR12198 and so far remains untested by drilling (Figure 14, B).

Figure 14 PR12198 and Location of Kalongwe Deposit Showing Exploration Potential.



NOTE: Ivanhoe Mines soil geochemistry survey (Cu values, A) over Kalongwe Project area overlain on the local geology. Contoured results of Regal's infill soil sampling program (B).

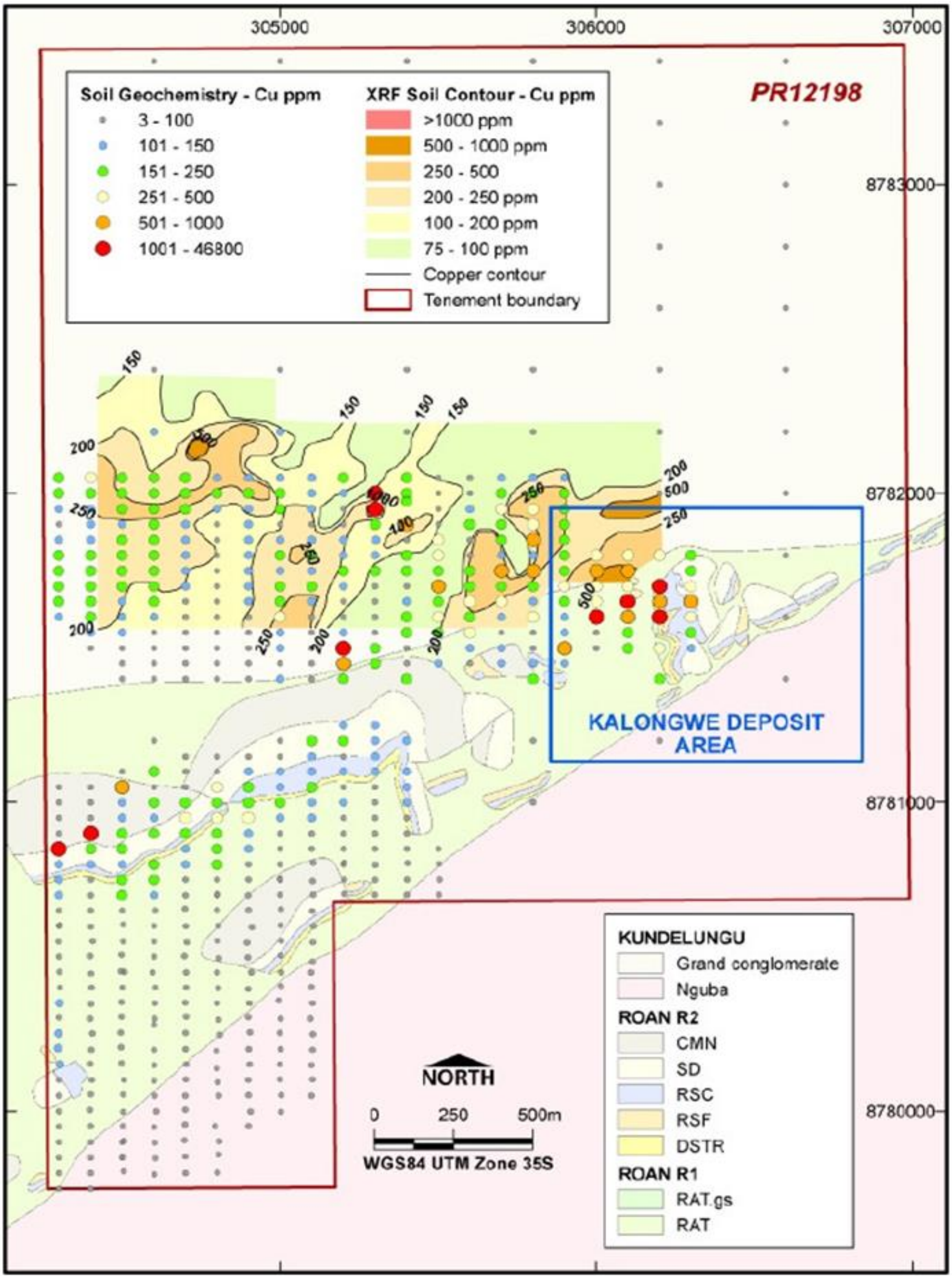
The historic soil sampling program conducted by Ivanhoe defined multiple high order (+250) Cu and Co-in-soil anomalies that show strong correlation with the mapped location of the 700m long Kundelungu fragment of Roan stratigraphy situated to the west of Kalongwe deposit (Figure 14).

The results of the soil sampling program delineated two strongly coherent zones of anomalous soil values. One anomalous zone coincides with rocks of the Mines Series with peak values more than 1,000ppm Cu with the second anomaly occurring along the southern edge of the Grand Conglomerate of the Kundelungu formation, coinciding with the regional strike (southwest-northeast), with values commonly over 500ppm Cu and in places over 1,000ppm Cu. Co anomalies broadly to coincide with the Cu anomalies.

The Kalongwe JV has planned a programme of around 900 soil samples to cover the entire PR. To date, 272 samples have been collected and assayed on site by portable XRF analyser. A percentage of the samples will be sent for check analysis by the ALS Laboratories in Johannesburg.

The preliminary results of the XRF analysis using a Niton XRF analyser and calibration factors defined by the manufacturer are very encouraging as the relative high levels correlate well with the historic Ivanhoe results and have identified further zones of anomalous Cu and Co in-soil values which justify being drill tested (Figure 15).

Figure 15 Interpretation of Infill Soil Sampling Results



Note: Regal's infill soil sampling result interpretation plotted over Ivanhoe Mines original soil sampling data confirming the location of Cu value highs from both surveys.

The site of one of the high value copper-in-soil anomalies reported by Ivanhoe and situated on Grand Conglomerate (lower Kundelungu) substratum was investigated and found to coincide with in-situ malachite mineralisation.

It is intended that any significant soil anomalies identified from the review process will be followed up during the Phase II program and further investigated.

Outside the defined Copper ore-body, there are broad widths of Co ranging from 0.15-0.4% and locally 1.5-2.3% on the margins of the deposit and at generally shallow depths and <80m, that coincide with very strongly weathered SD, RSC and RSF. The upgrading is probably derived by remobilisation and secondary enrichment of the Co coinciding with partial leaching of copper so that the tenor of the latter is often <0.5%. Similar processes have been observed elsewhere such as Tilwezembe.

In the southwest quadrant, noteworthy Au values are usually confined to narrow, very weathered, sheared and brecciated zones, particularly in the RSC next to the DSTRAT where they are generally low, ranging from 0.3-5.0g/t Au. However, the average of 5.03g/t Au over 19m from the collar of DD018 is due to two samples with 24 and 57.7g/t Au; plus other peaks exceeding 10g/t Au which are typical of nuggety nature Au deposition caused by secondary enrichment.

3.5.3 Constraints to Further Exploration and Development Success

There has previously been significant artisanal mining activity at Kalongwe, with very little activity and only a handful of artisanal miners currently at Kalongwe with most having moved to Kolwezi. Artisanal miners can potentially pose a problem to continued development plans. Regal and Traxys have formulated a Managed Artisanal Mining Plan which would be implemented by Kalongwe Mining.

3.6 Mineral Resources

CSA Global Pty Ltd (CSA) were first engaged by Regal to prepare a Mineral Resource estimate for the Kalongwe copper-cobalt deposit in 2014, (see Table 7). CSA updated and re-classified this Mineral Resource in February 2015, (Williams 2015). Table 8 presents the current Mineral Resources developed by CSA and reported in conformance with the JORC Code (2012).

Table 7 Historic CSA Kalongwe Project Mineral Resource Estimate - July 2014

JORC Classification	Domain	Tonnage (Mt)	Cu (%)	Co (%)	Tonnes Cu	Tonnes Co
Inferred	Cu Only [1]	6.37	2.34	-	149,000	-
Inferred	Co Only [2]	1.94	-	0.69	-	13,400
Inferred	Mixed [3]	4.04	3.14	0.72	127,000	29,100
Inferred	Total Cu Domains	10.41	2.65	-	276,000	-
Inferred	Total Co Domains	1.94	-	0.69	-	13,400 + 29,100 (Co credits in Mixed zone)

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 9blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu>=0.5%. The Co grade from these blocks was also recorded.

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.

Table 8 Kalongwe Project Mineral Resource Estimate February 2015

Weathering Profile	Domain	Measured		Indicated		Inferred		Total Tonnage (Mt)	Cu (%)	Co (%)	Tonnes Cu	Tonnes Co
		Mt	% Cu % Co	Mt	% Cu % Co	Mt	% Cu % Co					
Oxide	Cu only [1]	1.24	3.35 %Cu	2.45	2.27 %Cu	1.24	1.60 %Cu	4.94	2.37	-	117,200	-
	Mixed [3]	2.07	3.76 %Cu	1.67	2.72 %Cu	0.35	1.98 %Cu	4.08	3.19	*0.66	130,000	26,800
Primary	Cu only [1]	-	-	1.20	2.65 %Cu	0.41	1.63 %Cu	1.61	2.39	-	38,400	-
	Mixed [3]	-	-	0.51	3.06 %Cu	0.03	2.22 %Cu	0.54	3.02	*0.52	16,400	2,800
Total Cu Domains		**3.31**	**3.61 %Cu**	**5.83**	**2.55 %Cu**	**2.03**	**1.70 %Cu**	**11.17**	**2.70**	***0.27**	**302,000**	**29,700**
Oxide	Co only [2]	0.37	0.66 %Co	1.34	0.59 %Co	0.38	0.43 %Co	2.09	-	0.57	-	11,900
Primary	Co only [2]	-	-	0.18	0.53 %Co	0.02	0.43 %Co	0.2	-	0.52	-	1,000
Total Co Domains		**0.37**	**0.66 %Co**	**1.52**	**0.58 %Co**	**0.40**	**0.43 %Co**	**2.29**	**-**	**0.57**	**-**	**13,000**

Notes:

1. The copper only domains were reported by selecting blocks with Cu >= 0.5%.

2. The cobalt only domains were reported by selecting blocks with Co >= 0.2%.

3. The mixed domains (blocks located within overlapping copper and cobalt domains) were reported by selecting blocks with Cu >= 0.5%. The cobalt grade from these blocks was also recorded.

** It is assumed for the purposes of this Mineral Resource that copper grades in the cobalt only domains, and cobalt grades in the copper only domains are 0%, although low grade mineralisation was recorded in sample assays.*

The Mineral Resource is classified as Measured, Indicated and Inferred, and has been reported in accordance with the current edition of the JORC Code, with geological evidence sufficient to verify geological and grade continuity for much of the deposit. Classification of the Mineral Resource estimates was carried out taking into account the geological understanding of the deposit, quality of the sampling and density data and drill hole spacing. The results of the Mineral Resource estimate are presented in Table 8, based upon a reporting cut-off grade of 0.5% Cu and 0.2% Co.

The deposit as modelled is approximately 390m in strike, 550m in plan width, plunges to 510m down dip and reaches 260m depth below surface.

3.6.1 Drilling and Sampling Methods

The Mineral Resource is based upon data obtained from 98 historic and recent diamond drill holes (16,471m) drilled across the deposit footprint. Drill holes are located on a nominal 50m x 50m, grid with drilling predominantly vertical although in places holes were inclined. Inclined holes were oriented approximately east-west across the strike of strata and mineralisation, while the dip angle of the drill holes appear to generally intersect the mineralisation at an optimal angle from a true thickness viewpoint.

Regal Drill Data

Regal have completed 46 drill holes using PQ and HQ triple tube for a total of 6,072m. Core recoveries were recorded by the drillers in the field at the time of drilling and checked by a geologist. Diamond core was reconstructed into continuous runs for orientation marking, depths being checked against the depth marked on the core blocks. Core recoveries were calculated by measuring core recovered in the core trays versus measured drill run. Triple tube method was used to maximise core recoveries. Sample recovery is generally moderate to good (80-90%) within the mineralised zone but is variable in places due to broken ground conditions and strong weathering. It is not known at this stage, whether a sampling bias related to recovery is present.

Historic Drill Data

Historical drilling of 54 holes was undertaken using diamond core and RC percussion methods (~10,000m and ~2,000m, respectively) to obtain samples for geological logging and sampling. These were predominantly drilled during 2006 and 2007. However details of the drilling and sampling techniques for the historical drill holes are not recorded. Samples and core have all been lost. Historical drilling recoveries are not known.

In 2013 to 2014, Regal drilled 46 diamond drill holes, four of which were twinned with holes drilled from 2006 through 2007 by previous operators. The results generally confirmed historic intersections, and a study undertaken by Regal determined that the historical data was of sufficient quality to use in the Mineral Resource estimate (Dorling 2014).

3.6.2 Drill Hole Collar & Downhole Survey

Historic Drill Data

Based on drill hole collar coordinates in the database, Regal geologists located each historic drill hole within a radius of approximately 2m to 4m from the indicated position. Most historical collars were re-surveyed using a differential global positioning system (GPS). No downhole surveys are available for the historic holes.

Regal Drill Data

Regal drill hole collar positions were surveyed using a differential GPS at the conclusion of the programme with centimetre accuracy. The grid system used is UTM (WGS84). "In rod" down hole orientation measurements were collected approximately every 20m. The downhole survey points were verified for anomalous readings and azimuth corrected for declination before transfer to the database. No core orientation was completed.

3.6.3 Sampling, Assaying Data Handling and QA/QC

Historic Drill Data

Little information is available on the sampling, assaying, data and and QAQC of the historic drill data. Having been undertaken by a well funded explorer only six or seven years previous, it is likely that the quality of the historic drill data is good, however records which would substantiate this have been lost.

Regal Drill Data

Regal stated they have applied industry standard practice QAQC procedures by inserting standards and blacks into the sample stream. No analysis of the QAQC data was reported.

Diamond drilling was used to obtain samples of about 1m length. The diamond core was half-cored using an ALIMONT® core cutter, with half core retained in the boxes. Half core samples were submitted to ALS Laboratories in Johannesburg, S.A., where all samples were crushed to <-3mm and from which a 500g subsample was pulverised to produce a 50 g charge ICP. Samples were analysed for copper, cobalt and a suite of approximately 30 trace elements, plus all the major elements using inductively coupled plasma atomic emission spectroscopy (ICP-AES) with a four acid digest. Any results with copper or cobalt greater than 10,000ppm were re-assayed using an ore grade method of detection (range 0.001 – 20% for Co and 0.001 - 40% for Cu).

The drill hole data is maintained in a secure relational database by CSA Global (UK).The resource report states that sufficient quality control data was collected to verify the integrity of the assay data for the 2014 drilling, with two separate QA/QC reports being prepared by CSA one for each drilling program. Quality assurance measures included the insertion of certified standards and blanks at selected drill hole intervals, and the submission of laboratory pulp and coarse residue duplicates.

3.6.4 Geological Data Acquisition and Database Generation

Regal Data

Geological information was recorded on paper logs then transferred into digital spreadsheets on site. This information and laboratory assay files were sent directly to CSA Global (UK) for validation and compilation into the existing database. The master database is kept off site at CSA's UK office.

Historic Data

The Kalongwe project area was abandoned by its previous owners prior to the acquisition of the project by the Kalongwe Mining JV. Unfortunately, all historic drill core was discarded, along with much data records. The electronic database is preserved.

A technical report was compiled by Regal following the completion of a 4 drill hole twinning and 8 hole infill and extension drilling programme at the Kalongwe (Dorling 2014). The objective of this work was to establish the reliability and authenticity of historic data and to provide a platform for future geological and mineralisation interpretations. All drill holes, closely followed the down hole trace of the drill holes that were targeted and therefore represent a valid test of the respective target. The direct comparison of drill hole pairs gave satisfactory analytical and geological technical results. Almost all historically defined mineralisation intervals have been recognised over the twinned length of recent drill holes; observed variations include minor new veins and very few minor indicated mineralisation peaks could not be identified. The author and CSA considered these results to verify the tenor or historic drill data and allow the inclusion of this data into the Mineral Resource estimate.

Ravensgate's considered opinion is that these results justify the inclusion of the historic data in the resource model and estimation.

3.6.5 Geological and Mineralisation Domain Interpretation and Continuity

Drill hole intercept logging and assay results, stratigraphic and structural interpretations from drill core have formed the basis for the geological interpretation. Deposit scale geological mapping provides a geological framework for the interpretation.

Mineralisation is predominantly secondary, and is observed as stratabound. The principal copper oxide minerals above the base of oxidation are malachite and chrysocolla, with minor amounts of azurite. Cobalt occurs as heterogenite. Below the base of oxidation chalcocite and minor bornite and chalcopyrite have been observed. The base of oxidation varies from 150 to 180 m vertically below the surface. Mineralisation is found in veins and breccias and as disseminated blebs and grains in stratigraphic horizons. Broad zones of high-grade copper-cobalt mineralisation extend down-dip, broadly conformable with dipping strata, from the surface exposure of what has been interpreted to be the lower limb of a tight recumbent fold. Minor structural stratigraphic offsets are present, however there is good lateral and down-dip continuity of supergene mineralisation along both limbs of the fold suggesting that supergene remobilisation is primarily controlled by stratigraphy. The mineralisation is currently constrained within the core of a regional west-southwest and north-northeast striking anticline. The mineralisation appears open down-dip.

There is a good level of confidence in the geological interpretation, based upon lithological logging of drill core, including over 20,000m of diamond core. The Competent Person (Exploration Results) has extensive experience in the geology and mineralisation of the local copper belt extending through the DRC, within which Kalongwe is located.

The depth of the weathering profile at Kalongwe was based upon logged occurrences of sulphide mineralisation in the 2013-14 drilling. Limited confidence was placed upon the logging of weathering and sulphide species from the historic drill holes. A refined interpretation of the weathering profile is likely to affect the reported tonnages, due to changes in density assignment.

The interpretation of the mineralisation domains was based upon pre-determined lower cut-off grades for copper and cobalt. A variation to the cut-off grades will affect the volume and average grade of the domains. Geological mapping and logging of drill samples control the interpretation of the mineralisation domains. Grade continuity is affected by drill hole assay results, resulting in mineralisation domains being pinched out along strike and up or down plunge.

3.6.6 Sample Geostatistics and Variography

For the 2015 Kalongwe Mineral Resource estimate variographic analysis of the domained drill hole data was used to establish the directions of major grade continuity for copper and cobalt, and provided variogram parameters for grade interpolation by ordinary kriging, and that GeoAccess Professional and Snowden Supervisor software were used (Williams 2014 and 2015). Ravensgate has reviewed the variograms, histograms and statistical tables in the resource report and in its opinion the approach and analysis done by CSA is appropriate.

3.6.7 Resource Modelling and Resource Estimation Methods

Geological models were prepared for total copper (TCu) and cobalt (Co) using lower cut-off grades of 0.5% TCu and 0.2% Co. CSA used wireframes to constrain the interpolation within mineralisation domains. Mineralisation polygons were interpreted based upon geological knowledge of the deposit, derived from drill core logs and geological observations on surface. Polygons were joined to create wireframes. A weathering profile representing top of fresh rock (TOFR) was modelled based upon the occurrence of sulphide mineralisation in 2014 diamond drill core. A topographic digital terrain model (DTM) was generated from drill hole collar locations. A DTM for the shallow open pits was produced from a survey of the pit crests, and an average depth (5m) of the pits.

CAE Studio 3 (Datamine) software was used for all geological modelling, block modelling, grade interpolation, MRE classification and reporting. A block model was constructed using a parent cell size of 20m (E) by 20m (N) by 10m (Z). The drill hole files were flagged according to the mineralisation domains they intersected, and statistical analysis of the data followed. This study resulted in the application of a 1m composite length applied to all drill hole data, and the use of top cuts for both copper and cobalt for selected mineralisation domains.

The variographic analysis of the domained drill hole data provided variogram parameters for grade interpolation by ordinary kriging. Based on the variographic analysis in the resource report Ravensgate also considers ordinary kriging to be an appropriate grade estimation method. Composited sample grades for copper were interpolated into the block model copper domains, and cobalt composited data were interpolated into the cobalt domains.

The copper interpretations were based upon a lower cut-off of 0.5% TCu (total copper). The cobalt interpretations were based upon a lower cut-off of 0.2% Co. The Mineral Resource model consists of four zones of copper mineralisation, seven zones of cobalt mineralisation and two weathering domains (oxide and fresh). Mineralisation domains were encapsulated by means of 3D wireframed envelopes. Domains were extrapolated along strike or down plunge to half a section spacing or if a barren hole cut the plunge extension before this limit.

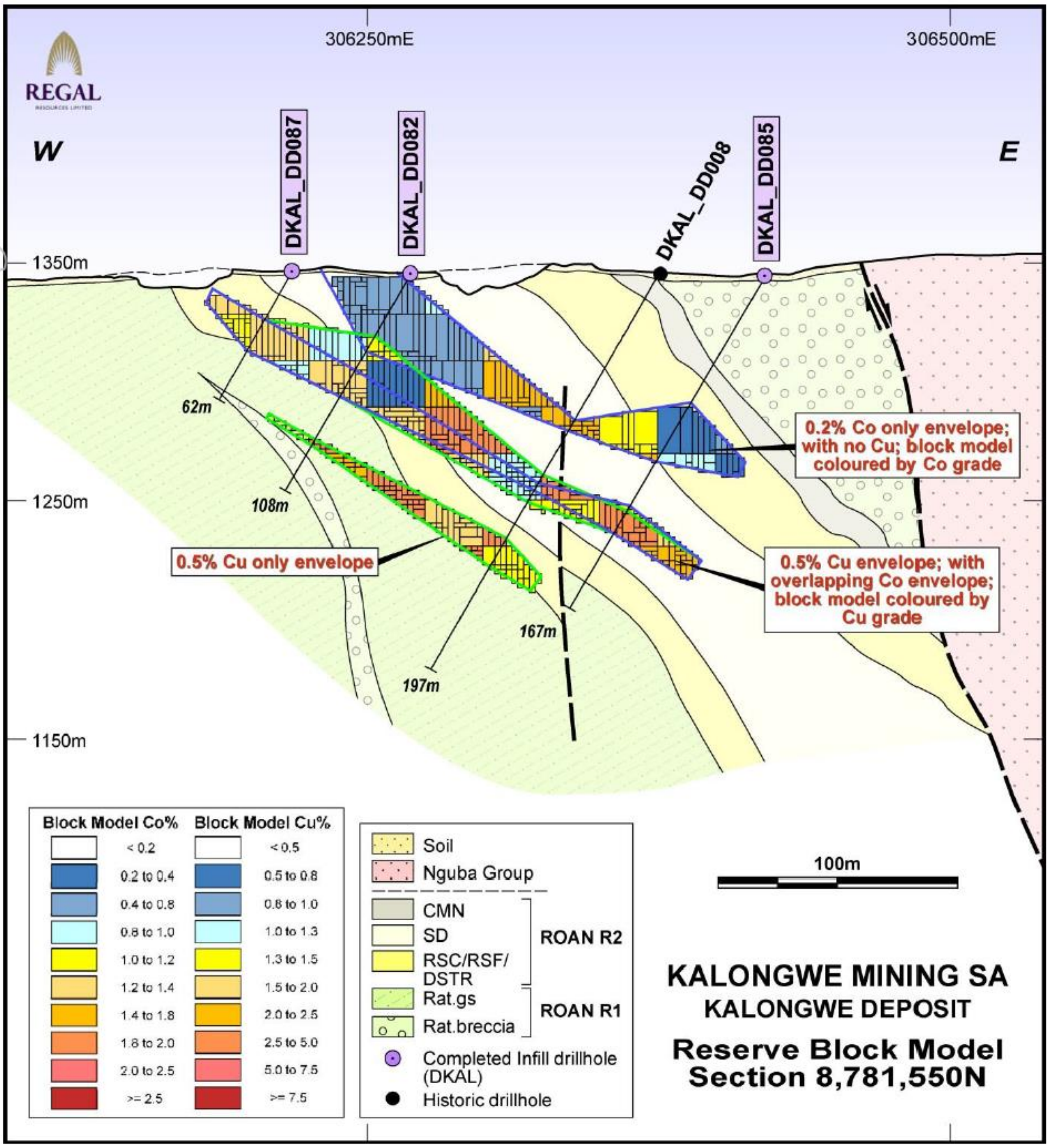
Top cuts were used to constrain extreme grade values if it was determined that the extreme high grades would potentially overestimate local block estimates, either due to limited sample numbers, or if the individual assay result was considered too high compared to the rest of the domain's population. Top cuts varying according to hosting mineralisation domain. A top cut for the copper domains was set to 20% TCu, whilst three top cuts were set for the cobalt domains (10% Co for domain 1, 1.5% for domains 5 and 6).

All samples were composited to 1m intervals, based on a review of sample length distribution that showed 10% of sample lengths inside mineralisation domains were >1m. All drill hole data (RC and diamond) were utilised in the grade interpolation.

Grade estimation was by ordinary kriging with an inverse distance squared estimation concurrently run as a check estimate. A minimum of four and maximum of 16 composites were used in any one block estimate. A maximum of three composited samples per drill hole were used in any one block estimate. Cell Discretisation of 10m x 10m x 10m was used. Grade interpolation was run within the individual mineralisation domains, acting as hard boundaries. The current mineral resource was checked against previously reported mineral resource (July 2014) and found to be of similar tonnage and grade.

The Mineral Resource was depleted by the volume of the shallow open pits (circa 1930's, and recent artisanal workings), with the pits incorporated into the topographic DTM. Underground excavations during the 1930's were considered to be of too low a volume of material to affect the Mineral Resource estimate. No survey data is available for these underground workings.

Figure 16 Cross-Section Showing the Block Model with Estimated Grades and Wireframed Domains



Densities were measured from selected intervals of diamond drill core, using a wet immersion technique. Core samples were wrapped in cling wrap prior to immersion to prevent water intake into sample. The number of measurements taken is not recorded and the results were not available to Ravensgate.

The Mineral Resource estimate used bulk density values assigned to the block model based upon mineralisation domain and weathering profile. Within the oxide zone, copper mineralisation domains were assigned a density value of 2.32t/m^3; cobalt domains 2.08t/m^3; and 'mixed' zones (copper and cobalt domains overlapping) 2.68t/m^3. Copper mineralisation in the primary zone were assigned a density value of 2.58m^3 Waste blocks were assigned density values of 2.29t/m^3 (oxide) and 2.77t/m^3 (fresh rock).

The tonnages of the resource were estimated on a dry basis.

3.6.8 Resource Model Validation and Reconciliation

The grade interpolation was validated by means of swath plots, overlapping histograms of sample and block model data; and comparison of mean sample with block model copper and cobalt grades for each domain. Cross sections of the block model with drill hole data superimposed were also reviewed.

A previous resource model and estimation was undertaken on the deposit by CSA in 2014 and reported in conformance with the JORC Code (2012) and the results are shown in Table 9. The 2015 resource estimate incorporated substantially more infill drilling updating and re-classifying the July 2014 estimate. This previous estimate was undertaken by the same resource geologist and using a very similar methodology to the current estimate. The current mineral resource was checked against previously reported mineral resource and found to show an improvement in tonnage and grade.

Table 9 Kalongwe Project - July 2014 Mineral Resource Estimate

JORC Classification	Domain	Tonnage (Mt)	Cu (%)	Co (%)	Tonnes Cu	Tonnes Co
Inferred	Cu Only 1	6.37	2.34	-	149,000	-
Inferred	Co Only 2	1.94	-	0.69	-	13,400
Inferred	Mixed 3	4.04	3.14	0.72	127,000	29,100
Inferred	Total Cu Domains	10.41	2.65	-	276,000	-
Inferred	Total Co Domains	1.94	-	0.69	-	13,400 + 29,100 (Co credits in Mixed zone)

A historic resource model and estimation was undertaken on the deposit by African Mining Consultants (AMC) in 2008 based on the historic drilling. The resources were classified as inferred based on the guidelines of the SAMREC Code for resource reporting which is very similar to the JORC Code (2004). Table 10 presents the historic 2008 mineral resource estimate.

Table 10 Historic 2008 Mineral Resource Estimate by AMC (to SAMREC Code)

% Cu Cut-off	Cumulative				Contained Metal (T)	
	Volume	Tonnes	TCu %	Co %	Copper	Cobalt
0.5	3,458,563	7,608,839	1.90	0.37	144,506	28,324
1.0	2,688,250	5,914,150	2.23	0.41	131,965	24,088
1.5	2,028,812	4,463,386	2.55	0.44	113,685	19,445
2.0	1,480,062	3,256,136	2.85	0.46	92,800	14,978

The main recommendation of AMC at the time was: "In the light of the complex structural control and redistribution of metals by secondary processes, the ore-body shell must be regarded as simplistic and an accurate picture of both the grade and geology can only be gained by drilling at 50 metre centres or a tighter grid" (AMC 2008). Ravensgate's opinion is that short range variability is an aspect that needs to be investigated early in project studies as it may represent a significant risk to mining recovery, scheduling and related aspects. Regal have now drilled Kalongwe on 50m centres and created new geological models which have been incorporated into CSA's mineral resource estimates.

3.6.9 Resource Classification

Table 8 presents the 2015 Mineral Resources developed by CSA and reported in conformance with the JORC Code (2012). Classification of the mineral resource estimates was carried out by the Competent Person taking into account the geological understanding of the deposit, QAQC of the samples, density data and drill hole spacing. The mineral resource has been classified as a combination of Measured, Indicated and Inferred, with geological evidence sufficient to confirm geological and grade continuity for the Measured. Drill holes are generally spaced at a nominal 50m x 50m, closed down to 50m x 25m in places and at 100m x 100m in the deeper down plunge areas.

Grade tonnage curves for copper and cobalt are presented in Figure 17 to Figure 19. The resource model memorandum indicated that a check was conducted using a reporting tool within CAE Studio, confirming the grade and tonnage results.

No production data was available for reconciliation analysis.

Figure 17 Grade Tonnage Curve, Kalongwe Copper Zones

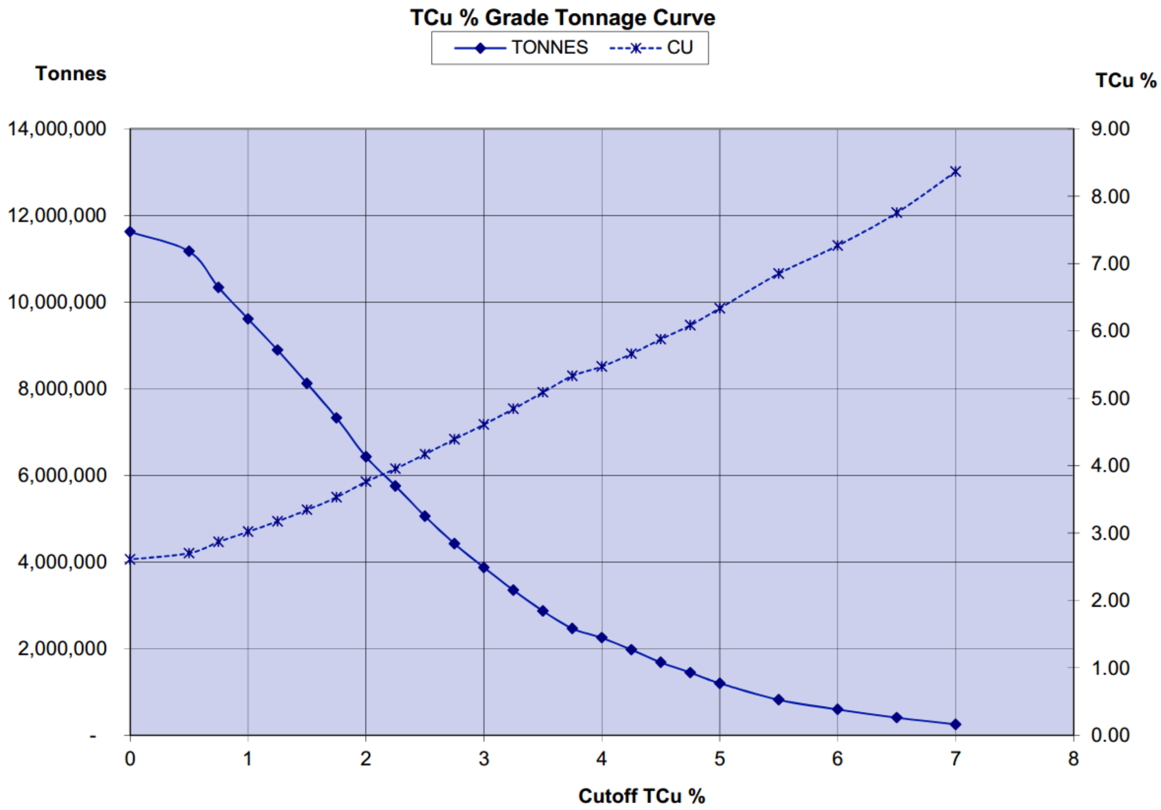


Figure 18 Grade Tonnage Curve, Kalongwe Cobalt Zones

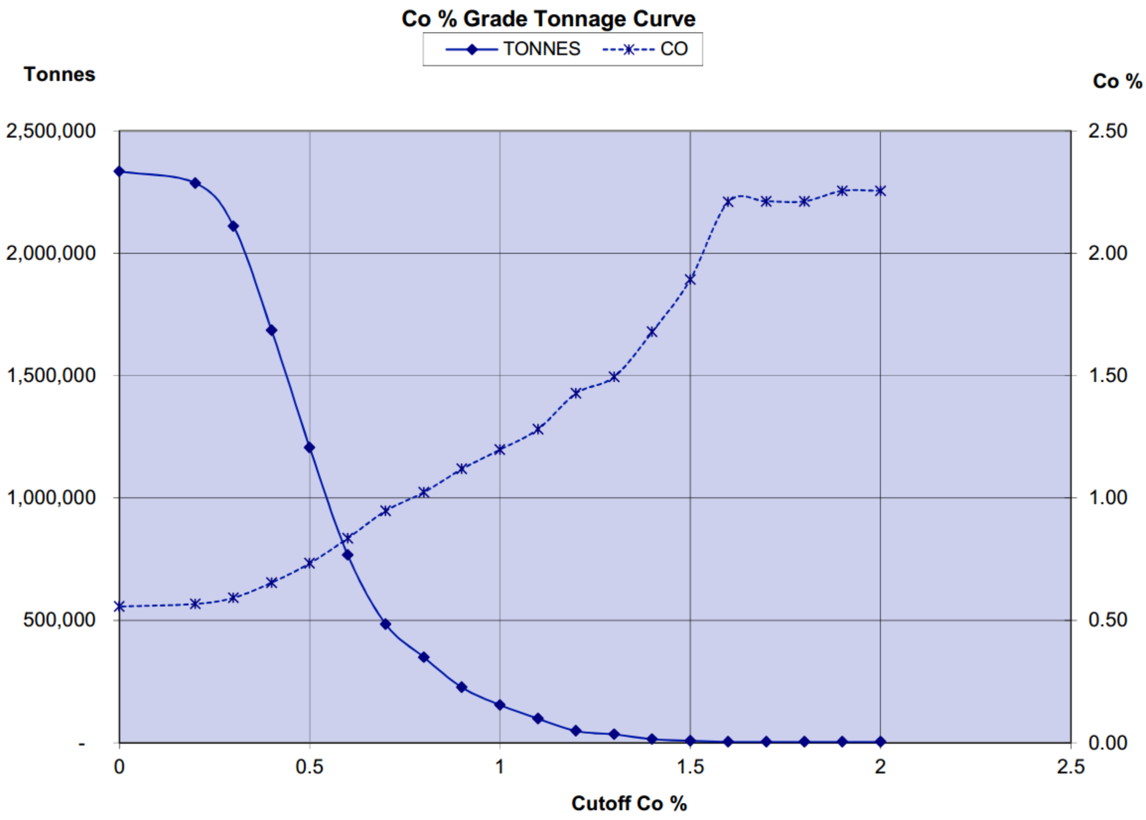
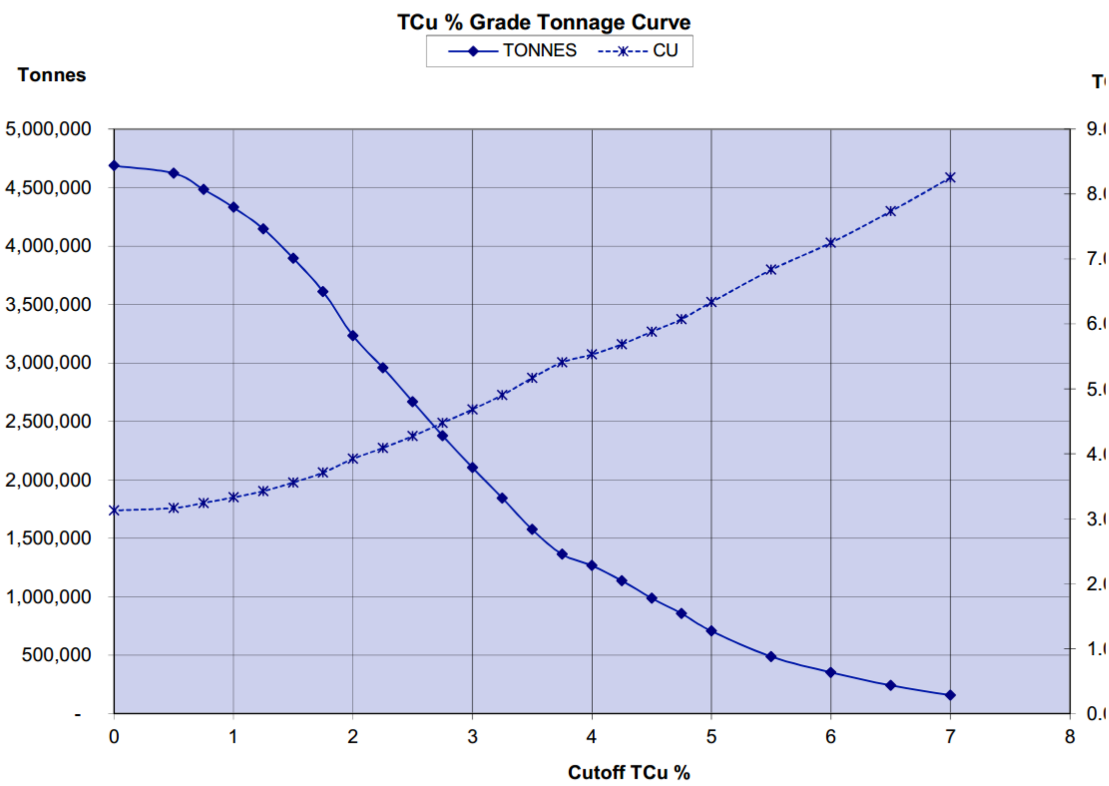


Figure 19 Grade Tonnage Curve, Kalongwe Mixed Copper-Cobalt Zones



Modifying Factors or Assumptions - Mining, Metallurgical, Environmental

In determining that a mineral resource can be estimated, the JORC Code requires the Competent Person to determine that there are reasonable expectations for eventual economic extraction of the deposit, taking into account a number of specified modifying factors or assumptions. The resource report (Williams, 2015) made the following observations regarding the modifying factors or assumptions:

- It was assumed the deposit, if mined, will be developed using open pit mining methods.
- The largest mineralisation domains in plan view have an apparent width of over 80m which may result in less selective mining methods, as opposed to (for example) mining equipment that would need to be used to mine narrow veins in a gold mine.
- Metallurgical testwork is underway at ALS Laboratory in Perth.
- No assumptions have been made to date regarding possible waste and process residue disposal options.
- Waste and low grade stockpiles from the historical open pit mining are located to the west of the deposit with minimal revegetation occurring.

Subsequent to the publication of the latest Mineral Resource estimate, a scoping study (Regal 2015) has been undertaken on the Kalongwe project and this has been summarised in Section 3.7. The results of this study have significantly increased confidence in the modifying factors and the likelihood for eventual economic extraction of the Kalongwe resource.

3.6.10 Resource Estimation Risk Analysis

Ravensgate regards the classification of the deposit to be appropriate.

The significant proportion of the data used in developing the resource estimation was historical data with very little documentation to substantiate its veracity, however the drilling undertaken by Regal has lifted the overall integrity and reliability of historical geological information sufficient to be used in the estimate. Nevertheless, it comprises the majority of the data, and further infill drilling to further improve confidence is important.

Artisanal mining has taken place on the deposit for a number of years, presently there is very little activity with only a handful of artisanal miners on the property, with most having moved to Kolwezi. Past artisanal miners selectively mined copper mineralisation at surface and following richer zones of mineralisation underground. The topographic survey used in the current Mineral Resource estimate demonstrated that the volume of rock extracted from the surface of the Kalongwe deposit is a very minor percentage of the overall tonnage of the reported Mineral Resource, and is therefore not considered material, (Williams 2015). The Mineral Resource was depleted by the volume of the shallow open pits (circa 1930's, and recent artisanal workings), with the pits incorporated into the topographic DTM. Underground excavations during the 1930's were considered to be of too low a volume of material to affect the Mineral Resource estimate. No survey data is available for these underground workings. Ravensgate considers that artisanal miners can be a significant issue, should artisanal miners return effective management of them will be required to further evaluate and eventually exploit the deposit.

3.6.11 Conclusions

Ravensgate finds the Kalongwe project to have merit and worthy of further development.

The orientation of mineralisation controlling structures has been established. The stratigraphic elements and characteristics of the Mines Series recognisable across many Copperbelt deposits are also present at Kalongwe. The currently developed geological observations are consistent with geological processes which are known to have controlled mineralisation at other Copperbelt deposits. Importantly, the bulk of the mineralisation at Kalongwe is preferentially hosted within a particular rock type. The mineralisation is primarily stratabound and concentrated in the three stratigraphic units, despite its predominantly secondary nature.

The classification has taken into account the available geological and sampling information, and Ravensgate considers the classification level is appropriate for the current stage of this project.

3.7 Mining Studies

3.7.1 Metallurgical Test work

In 2014, drill core samples representative of the main copper bearing zones at the Kalongwe deposit were submitted for initial metallurgical test work. The aim was to evaluate the amenability of the mineralisation to be upgraded by application of Heavy Media Separation (HMS) and Spirals technologies to produce a +20% copper concentrate.

Four composite samples were prepared from coarse crush reject material (<3.0mm), selected from mineralised intervals intersected in diamond holes (KAL_DD010T and KAL_DD017T) completed in the Phase I drilling program. Composites Numbers 1 to 3 were comprised principally of oxide mineralisation and Composite Number 4 of mixed oxide and sulphide mineralisation.

The samples were submitted to the independent laboratory Mintek in South Africa, where a comprehensive test work program was undertaken under the supervision of the Company's metallurgical consultant, Miller Metallurgical Service (MMS).

The metallurgical test work program comprised:

- Heavy liquid separation testing of finely crushed drill core sample material,
- Wilfley table tests on fines,
- Yield estimates including HMS and spiral efficiency,
- A reduction in the tested HMS yield for a coarser commercial crush size, and
- Chemical analysis and mineralogical characterisation of the composite samples.

Test work results were announced on 7 August 2014 (ASX: Positive Metallurgical Test Results for Kalongwe High Grade Cu-Co Deposit, 7 August 2014).

Results for the oxide Composites Numbers 1 to 3 exceeded expectations, (Table 11). Regal's Consulting metallurgist MMS, advised there satisfaction that the results have successfully demonstrated that a high grade Cu product of >20% Cu should be achievable using an HMS and spirals plant.

MMS also commented that the ore from Kalongwe, in comparison with ore from many other DRC Cu-Co deposits, produces significantly less slimes which could be expected to have the effect of improving recovery rates of Cu when processed through a commercial sized HMS and spirals plant.

Table 11 Average Estimated HMS Yield Recoveries and Grades for Composites 1 to 3 (Excluding Composite 4)

Aggregate ROM Recovery	Percentage
Cu % of ROM	65.7
Co % of ROM	58.9
Product grade % Cu	20.1
Product grade % Co	2.2

A more detailed confirmation metallurgical test work program is scheduled to be undertaken during the Phase II work program and the results will form a critical input into the planned feasibility study and enable detailed mineral processing flow sheet to be developed.

The test work will be conducted on a coarser sized material (12mm) than was used in the initial test work program, which will better represent the size of expected feed material in a commercial HMS plant. MMS has been requested to develop test work programs to be included in the Phase II metallurgical program to evaluate the most viable options to process the near surface high grade Co mineralisation to produce a saleable high grade Co concentrate.

MMS has already identified several potential options and it is intended that these will be evaluated during the Phase II program.

3.7.2 Scoping Study

A scoping study on the Kalongwe Project was completed by Regal during early 2015.

The scoping study was based on the updated 2015 Mineral Resources described in Section 3.6. The study aimed to determine the viability of developing a stand-alone open pit mining operation, processing the high grade oxide copper ore by heavy media separation (HMS) plant processing a +20% Cu concentrate.

The results of the scoping study were positive and that the Board has taken the view that the results justify the Company to commit to the next stage of exploration and development by progressing through to a definitive feasibility study.

A range of opportunities and alternatives to further optimise the Kalongwe Project and improve the economics have been identified by the scoping study. Regal have stated their intention to assess these opportunities in future work programs scheduled for this year. Planned work will include a number of technical studies to optimise the pit design and mining schedule and refine the processing flow sheet. A review will be undertaken to identify savings in operating costs. Some of the options to be considered will include leasing or purchasing of trucks used to transport concentrate.

Earlier metallurgical testwork results indicated that a high proportion of Cu contained within gravity concentrates produced from samples of oxide ore is acid leachable, and further testwork is being considered to assess the heap leach potential of the HMS rejects. A specific metallurgical testwork program will also be conducted to determine a cost effective process design to produce a high grade cobalt concentrate.

On the risks side a hydrogeological investigation will need to be carried out to assess likely groundwater inflow rates accompanying establishment of a mining operation.

Ravensgate note that the scoping study was based on low-level metallurgical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised.

4. VALUATION

4.1 Introduction

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A$) unless otherwise stated.

The VALMIN Code, which is binding upon Experts and Specialists involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (MEE) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (EB) through application of a Prospectivity Enhancement Multiplier (PEM). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a grass roots project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.
- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably “arm’s length” in accordance with the VALMIN Code, such transactions may be used as a guide to, or a means of, valuation. This method (termed Comparable Transactions) is considered highly appropriate in a volatile financial environment where other cost based methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at "arm's length" between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company's cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D}\left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}}\right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P\right)\right]$$

where:

V_{100}	=	Value of 100% equity in the project ($)
D	=	Deemed equity of the farminor (%)
CP	=	Cash equivalent of initial payments of cash and/or stock ($)
CE	=	Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock ($)
EE	=	Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments ($)
I	=	Discount rate (% per annum)
t	=	Term of the Stage (years)
P	=	Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources do not have any associated Ore Reserves, reflecting a lower level of technical confidence in modifying and economic factors, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the 'in-situ' Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.

In the case of Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated with associated Ore Reserves where mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV). The DCF/NPV valuation method under VALMIN and ASIC guidelines should only be used for operating mineral assets or ones expected to be in production in the near term.

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

4.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any valuations over Regal's DRC projects. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. Whilst ground is under application, there are uncertainties as to whether the tenement will be granted in its entirety or only part due to specific exclusions or if at all, due to environmental or other considerations. There could be competing applications for the same ground with no guarantee that Regal would be successful in its application.

4.3 Material Agreements

Ravensgate has been commissioned by BDO to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses Regal's DRC project. The Valuation report provides an assessment of the DRC *Pre-Development Project* mineral assets listed below in which Regal has various ownership interests.

Mineral Asset	Regal Ownership %
Kalongwe Copper / Cobalt Project, DRC	28.5%

Ravensgate understands all active mining and exploration tenements are granted at this point in time and are in good standing. Refer to Section 3.2.3 for information relating to any royalties and taxes on the Kalongwe project.

Details of the Kalongwe project agreement between Regal, Traxys and GICC is detailed in Section 3.2.2.

On 22 April 2015 Regal announced that it has entered into a binding conditional JVMOA with Ivanhoe covering an area of approximately 400km^2. While the agreement is binding, the initial ear-in is subject to a number of conditions including:

- The renewal of each of the Sale permits being approved by the Government by the 12 July 2015; and
- Formalising a Joint Venture and Shareholder Agreement.

The key terms of the agreement with Ivanhoe are:

- Regal will be required to pay an Initial Signing Fee of US$100,000;
- Regal will be required to pay a non-refundable Subsequent Signing Fee of US$150,000, no later than the first anniversary of the signing of this agreement (Effective Date);
- By Regal expending the amounts referred to below (Earn-in Expenditure);
- Regal can earn 80% by expending US$3.0M expenditure by no later than three years after the Effective Date (First Earn-in); and
- Regan can earn 90% by expending $US3.0M expenditure by no later than two years from the First Earn-In (Second Earn-in).

Regal will have the option to acquire a further 8% at an agreed price.

Ivanhoe has the right within one year of the Second Earn-in or the announcement of a Measured and Indicated Resource estimate (as classified by the Australian JORC guidelines) in excess of 500,000 tonnes of contained copper to Claw-Back up to 50% by paying four times the total Earn-in Expenditure incurred by Regal (Claw-Back Price). The Claw-Back Price shall be reduced on a pro-rata basis should a Claw-Back Shareholding Interest of less than 30% be acquired.

In the event Ivanhoe exercises its Claw Back Right, Ivanhoe will be required to contribute to exploration and development costs on a pro-rata basis.

In April 2016, Regal and Ivanhoe agreed to amend the memorandum of understanding so that the US$150,000 Subsequent Signing Fee be moved to 1 July 2016 (previously April 2016) and the First Earn-In be moved to three years after the payment of the Subsequent Signing Fee (previously April 2018). All other terms remain the same as per the ASX announcement on 22 April 2015 (Regal, 2016c).

Ravensgate is not aware, nor have been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.

4.4 Comparable Transactions

Ravensgate has completed the following searches for publicly available market transactions:

- Copper ± cobalt ± nickel ± silver (Cu±Co±Ni±Ag) Mineral Resources in the DRC and Zambia; and

It should be noted that many copper + cobalt Mineral Resources contain other potentially economically extractable commodities such as nickel and silver. The number of tonnes of contained copper equivalent (CuEq) metal has been determined at the time of the transaction announcement for each resource. This has been undertaken by determining the ratio of the metal prices in relation to one tonne of copper metal, of the spot price for each metal on the day of the transaction.

Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the mineral assets being valued. In Ravensgate's opinion and experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for use. The transactions identified along with the implied cash-equivalent values are summarised in Section 4.4.1 by commodity and region. Based on the limited information available Ravensgate have done their best to only use transactions between willing buyers and sellers in arms length transactions.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an Exploration Area Mineral Asset). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an *Advanced Exploration Area* Mineral Asset or *Pre-Development Project* at early assessment).

To compare the Mineral Resource transactions of the projects with copper and other commodities they have been compared on a Metal Transaction Ratio (MTR) basis. The MTR is the value of the transacted property on a 100% equity basis divided by the gross in situ value of all metals in the resource, using the metals prices at the transaction date, with the answer expressed as a percentage. The MTR is analogous to a dollar per unit metal as a percentage of the metal price. Hence the MTR method has the effect of normalising transactions over time by taking into account changes in commodity prices and variations in exchange rates.

4.4.1 Reported Market Transactions

4.4.1.1 Market Transactions for Copper and Other Commodity Mineral Resources in DRC and Zambia

Ravensgate's analysis of market transactions for copper and other commodities projects with Mineral Resource in the DRC and Zambia (Table 12) indicates an implied value between $24.91 and $265.19 per resource tonne of CuEq. The implied value per tonne is dependent on the resource category (Measured, Indicated or Inferred) and the average grades of the commodities of the mineral resource. The implied value was also affected by the strategic importance of the resources to the purchaser.

To take into account the change in the commodity prices over time, for each transaction in Table 12 the MTR was calculated (the value of the transacted property on a 100% equity basis divided by the gross in situ value of all metals in the resource, using the metals prices at the transaction date) and expressed as a percentage (Table 13 and ranked from highest to lowest in terms of percentage. The MTR range of the transactions was 0.29% to 3.53%.

Table 12 Market Transactions for Copper Mineral Resources in the DRC and Zambia

Date	Country, Project	Vendor	Purchaser	Resource Contained Metals	Contained CuEq Metal Tonnes (Mt)	Purchase Price 100% Basis (A$M)	Implied Value / CuEq Metal Tonne (A$)
26-May-2015	DRC, Kamoa Cu Project	Ivanhoe Mines Limited	Zijin Mining Group Company Ltd	Cu: 19.731Mt	19.731	1,118.82	56.70
28-Aug-2014	DRC, Kipoi Cu-Co Project	Societe d'Exploitation de Kipoi SA	Tiger Resources Limited	Cu: 0.981Mt Co: 0.033Mt	1.118	296.47	265.19
5-Feb-2014	Zambia, Shongwa Cu-Co-Ni Project	Mining Properties Corp BVI	St Georges Platinum & Base Metals Ltd	Cu: 0.376Mt Co: 0.551Mt Ni: 1.191Mt	2.841	152.10	53.53
29-Aug-2013	Zambia, Mkushi Copper Project	RTG Mining Inc	Elephant Copper Ltd	Cu: 0.156Mt	0.156	28.78	184.69
26-Feb-2013	DRC, Kalumines Copper Project	African Rainbow Minerals Limited & Vale S.A.	La Generale Des Mines De Agriculture Et Du Commerce	Cu: 1.373Mt	1.373	34.21	24.91
5-Jan-2012	DRC, Onshi, Frontier & Kolwezi Cu-Co Projects	First Quantum Minerals Ltd	Eurasian Natural Resources Corporation PLC	Cu: 4.906Mt Co: 0.235Mt	5.919	1,210.89	204.58
19-Sep-2011	Zambia, Kalengwa Copper Project	Euro African Kalengwa Mining limited	African Consolidated Resources Plc	Cu: 0.037Mt	0.037	0.95	25.59
26-Feb-2010	DRC, Dikulushi Cu-Ag Project	Anvil Mining Limited	Mawson West Limited	Cu: 0.080Mt Ag: 8.109Moz	0.098	13.33	135.80
23-Nov-2009	Zambia, Sentinel Copper Project	Kiwara Plc	First Quantum Minerals Ltd	Cu: 11.020Mt Co: 0.435Mt Ni: 0.580Mt	15.397	497.43	32.31
23-Mar-2009	DRC, Shituru Cu-Cu Project	La Generale des Carrieres et des Mines	Touch Lucky Investments Limited	Cu: 0.336Mt Co: 0.005Mt	0.370	44.45	120.04

Notes: Differences may occur due to rounding errors. Cu =Copper, Co = Cobalt, Ni = Nickel, Ag = Silver

Table 13 Summary of Market Transactions Involving Copper Mineral Resources in the DRC and Zambia

Transaction Date	Project Name	Metals in Mineral Resource	Transaction Value[1] $M	Contained CuEq Tonnes (Mt)	CuEq Cost Per Tonne A$	In Situ Value of Resources $M	Metal Transaction Ratio
28-Aug-2014	Kipoi Cu-Co Project	Cu, Co	296.47	1.118	265.19	8,400	3.53%
05-Jan-2012	Onshi, Frontier and Kolwezi Cu-Co Projects	Cu, Co	1,210.89	5.919	204.58	43,163	2.81%
29-Aug-2013	Mkushi Cu Project	Cu	28.78	0.156	184.69	1,259	2.29%
26-Feb-2010	Dikulushi Cu-Ag Project	Cu, Ag	13.33	0.098	135.80	780	1.71%
23-Mar-2009	Shituru Cu-Co Project	Cu, Co	44.45	0.370	120.04	2,910	1.53%
26-May-2015	Kamoa Cu Project	Cu	1,118.82	19.731	56.70	153,805	0.73%
5-Feb-2014	Shongwa Ni-Co-Cu Project	Cu, Co, Ni	152.10	2.841	53.53	41,212	0.37%
26-Feb-2013	Kalumines Cu Project	Cu	34.21	1.373	24.91	10,449	0.33%
19-Sep-2011	Kalengwa Cu Project	Cu	0.95	0.037	25.59	302	0.31%
23-Nov-2009	Sentinel Cu-Co-Ni Project	Cu, Co, Ni	497.43	15.397	32.31	173,996	0.29%

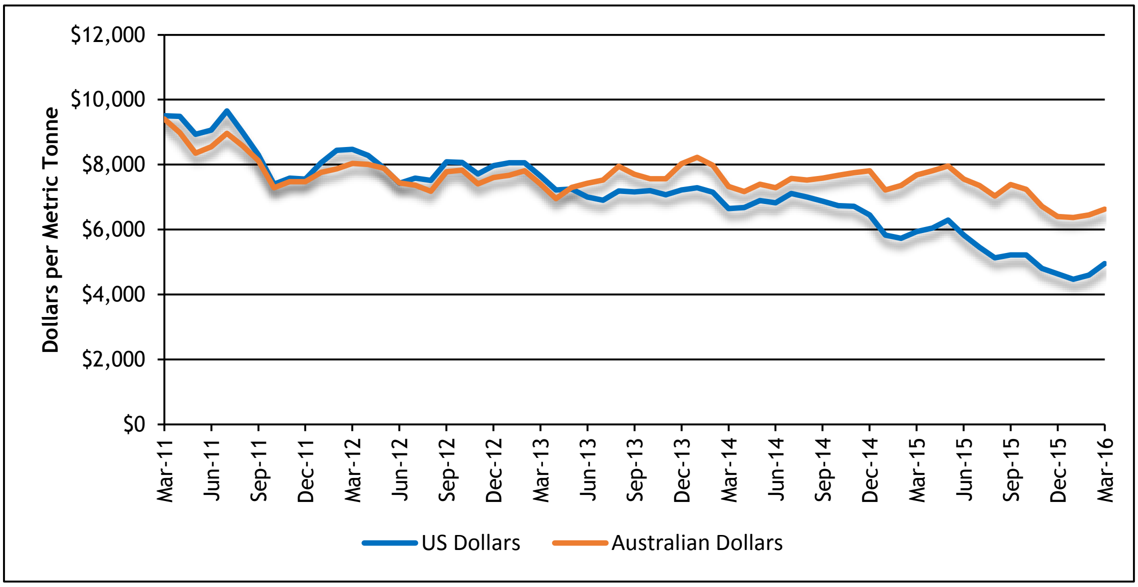
Notes: Differences may occur due to rounding errors. Cu = Copper, Co = Cobalt, Ni = Nickel and Ag = Silver

1. The transaction value is on a 100% equity basis.

4.4.2 Commodity Prices

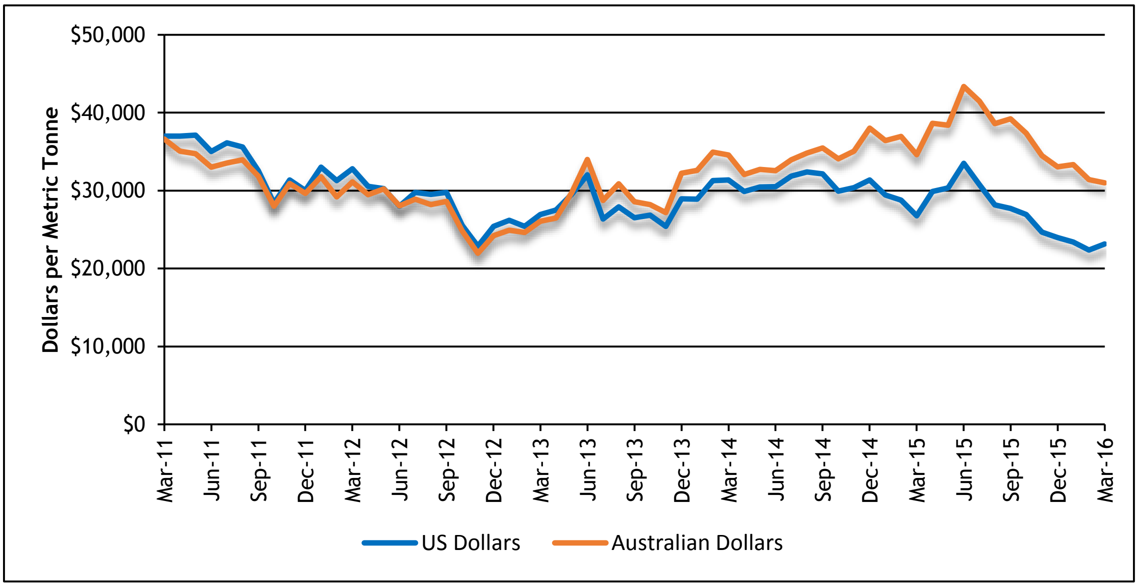
Ravensgate has examined the historical commodity charts for copper and cobalt in Figure 20 and Figure 21 respectively for general trends over time. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 20 Copper Five Year Monthly Average Price Chart to March 2016



Source: LME Commodity Prices

Figure 21 Cobalt Five Year Monthly Average Price Chart to March 2016



Source: LME Commodity Prices

4.5 Mineral Asset Valuations

4.5.1 Kalongwe Project, Democratic Republic of Congo

To value the Kalongwe project Ravensgate has valued the project based on its resource base. A valuation has been provided on Regal's current 28.5% interest in the project.

4.5.1.1 Selection of Valuation Method

The Kalongwe project, in which Regal has a 28.5% interest in can be classified as a *Pre-Development Project* mineral asset as defined in Section 4.1.

A Mineral Resource as defined in the JORC Code (2012 Edition) has been reported for the Kalongwe project. In valuing the mineral asset of the Kalongwe project, Ravensgate considers the DCF/NPV method inappropriate, due to no Ore Reserves having been defined therefore not allowing a reasonable estimate of technical mining and economic parameters.

Ravensgate has elected to apply the Comparable Transaction method to value the project after consideration of the various valuation methods outlined in Section 4.1 and the geological / exploration information outlined in Section 3.5. Multiples of Exploration (MEE) and other cost based methods were not thought to be appropriate to apply in this case.

4.5.1.2 Project Analysis – Comparable Transactions Method

Ravensgate's analysis of market transactions of Cu±Co±Ni±Ag Mineral Resources in Table 12 indicates that the implied value of projects with Cu±Co±Ni±Ag Mineral Resources range from $24.91 to $265.19 per contained resource tonne of CuEq. On a raw (not normalised basis) the average and median cost per tonne of CuEq for all the transactions were $116.29 and $120.04 respectively.

Analysing all the transactions on a MTR basis (normalised basis), which takes into account the change in the commodity prices over time (Table 13), the above range can be expressed as a percentage of the gross in situ value being 0.29% to 3.53%. The average and median of these transactions were 1.39% and 1.13%, respectively. It should be noted that these MTR values are analogous to a dollar per tonne of copper or cobalt metal as a percentage of the copper or cobalt price.

There are two distinct populations in the Table 13 data. The first representing advanced Mineral Resources at feasibility study stage, under construction or are operating copper mines, which have an implied value range of $120.04 to $265.19 per contained resource tonne of CuEq, equivalent to a MTR range of 1.53% to 3.53%. The second representing early stage undeveloped Mineral Resources, which have an implied value range of $24.91 to $56.70 per contained resource tonne of CuEq, equivalent to a MTR range of 0.29% to 0.73%.

Ravensgate has derived a MTR range and preferred value to apply to the Kalongwe Mineral Resource listed in Section 3.6:

- Measured, Indicated and Inferred classified Mineral Resources MTR range of 0.70% to 1.10% and a preferred value of 0.90% using copper and cobalt commodity prices as at 21 April 2016.

The reasons why Ravensgate has chosen this MTR range and preferred MTR value is due to the following reasons:

- Regal has a 28.5% non-controlling interest in the Kalongwe deposit;
- The Kalongwe project is at the Scoping Study level stage whereas the higher comparable transactions are at a more advanced Feasibility Study stage or were in construction at the time of transacting;
- Recent (21 April 2015) positive Scoping Study results indicating Kalongwe to have the potential for an economically viable, robust stand-alone project using conventional mining and processing methods; and

- Kalongwe has a higher MTR range than the lesser undeveloped comparative transactions, due to those being of only lower confidence Inferred Mineral Resources and that the Mineral Resource estimates of the Kalumines and Shongwa projects were not compliant with a recognised code (JORC Code, NI43-101, PERC or SAMREC), when they transacted.
- The Kamoa copper project transaction is the most recent and geographically closest being only 15km from Kalongwe and provides the best comparative transaction as an indicator to market value for Kalongwe.
- A higher MTR range was assigned to Kalongwe than to the 0.73% MTR of the Kamoa copper project transaction, as the Kamoa Mineral Resource at the time it was transacted was only of Inferred and Indicated category and the average copper grade lower than Kalongwe.

Ravensgate has applied these MTR ranges and preferred values to the gross in situ value of the Kalongwe Mineral Resource as at the 21 April 2016 using the following commodity prices and A$/US$ foreign exchange rate (Table 14).

Table 14 Commodity Prices as at 21 April 2016

Commodity (Unit Traded)	Price $US	A$/US$ Exchange Rate	Price A$
Cu (Metric Tonne)	5,014	0.7812	6,419
Co (Metric Tonne)	23,204	0.7812	29,703

Source: Commodity prices LME, exchange rate Reserve Bank of Australia.

The Kalongwe Mineral Resource range translates to $44.93 to $70.61 per tonne of CuEq metal with a preferred value of $57.77 per tonne of CuEq metal (Table 15). This range reflects the confidence and grade of the Mineral Resources. These values relate to approximately $6.40M to $10.05M for Regal's 28.5% interest in the total contained CuEq metal within the current Measured, Indicated and Inferred classified Mineral Resource estimate (499.6Kt CuEq). From this range a preferred value of $8.23M has been selected which reflects the outcome of the exploration to date and the quality of the mineral resources.

Table 15 Kalongwe Mineral Resource Valuation - Regal 28.5% Interest

Resource Category	Tonnes Mt	Grade (%)		Contained Metal		Commodity Prices A$		Gross In Situ Value A$M	MTR %			Regal's Equity %	Valuation $M		
		Cu	Co	Cu (Kt)	Co (Kt)	Cu	Co		Min	Preferred	Max		Min	Preferred	Max
Total Cu Domain[1]	11.17	2.70	0.27	302	29.7	6,419	29,703	2,821	0.70	0.90	1.10	28.5	5.63	7.23	8.84
Total Co Domain[1]	2.29		0.57		13.0	6,419	29,703	386	0.70	0.90	1.10	28.5	0.77	0.99	1.21
Total	**13.46**	**2.24**	**0.32**	**302**	**42.7**	**6,419**	**29,703**	**3,207**	**0.70**	**0.90**	**1.10**	**28.5**	**6.40**	**8.23**	**10.05**

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur

1. The Total Cu and Co Domains contain Measured, Indicated and Inferred Mineral Resources.

4.6 Valuation Summary

Ravensgate has concluded that Regal's Kalongwe project is of merit and worthy of further development. A summary of the Regal's project valuation in current ownership equity percentage terms is provided in Table 16. The applicable valuation date is 21 April 2016 and is derived from using the Comparable Transactions valuation method. The value of Regal's Kalongwe project is considered to lie in a range from $6.40M to $10.05M; within this range Ravensgate has selected a preferred value of $8.23M.

As the valuation is based on comparable transactions it can be considered to also be the market value. The definition of market value that Ravensgate adopts is that used in the VALMIN code, which is the market value definition as defined by the International Valuation Standards Committee (IVSC).

Table 16 Summary Project Valuation in Ownership Equity Percentage Terms

Project	Mineral Asset	Equity %	Area km^2	Valuation		
				Low $M	Preferred $M	High $M
Kalongwe	Pre-Development Project	28.5	8.4	6.40	8.23	10.05

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

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6. LIST OF ABBREVIATIONS

A$	Australian dollar(s)
AC	Aircore (drill hole)
Ag	Silver
ASX	Australian Securities Exchange
Au	Gold
Azi	Azimuth
Cu	Copper
DCF	Discounted cash flow
FAusIMM	Fellow of the Australasian Institute of Mining and Metallurgy
g/t	Grams per tonne
JORC Code	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
K	Thousand(s)
km	kilometre(s)
km^2	Square kilometre(s)
m	Metre(s)
M	Million(s)
MAIG	Member of the Australian Institute of Geoscientists
MAusIMM	Member of the Australasian Institute of Mining and Metallurgy
mm	Millimetre(s)
MMI	Mobile Metal Ion
Mt	Million Tonnes.
NPV	Net present value
NQ	Diamond Drilling. A core diameter of 47.6mm
oz	Ounce (Troy ounce measure of weight)
Pb	Lead
PGE	Platinum Group Element
ppb	Parts per billion; a measure of concentration
ppm	Parts per million; a measure of concentration
QA/QC	Quality Assurance / Quality Control
RAB	Rotary Air Blast (drill hole)
RC	Reverse circulation (drill hole)
RTP	Reduced to Pole
t	Tonne(s)
US$	United States Dollar(s)
Zn	Zinc

7. GLOSSARY

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
anomalies	An area where exploration has revealed results higher than the local background level.
bedrock	Any solid rock underlying unconsolidated material.
boudin / boudinage	Structures formed by extension, where a rigid tabular body such as Hornfels, is stretched and deformed amidst less competent surroundings. The competent bed begins to break up, forming sausage-shaped boudins.
craton	An old and stable part of the continental lithosphere
diamond drilling	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
domain	Geological zone of rock with similar geostatistical properties; typically a zone of mineralisation
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
fault	A wide zone of structural dislocation and faulting.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
gneiss	A common and widely distributed type of rock formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
mesothermal	A hydrothermal ore deposit formed at intermediate temperatures (200-300°C) and depths.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids
mobile metal ion	MMI is a highly sensitive proven geochemical exploration method whereby Mobile Metal Ions, adsorbed onto the surface of screened soil particles, are dissolved using patented chemical extractants and analysed at ppb levels. This method is more sensitive than conventional geochemical methods.
outcrop	Surface expression of underlying rocks.
Precambrian	A period of geological time older than 570 million years before present.
Proterozoic	An eon of geological time spanning the period from 2,500 million years to 570 million years before present
RC drilling	Reverse Circulation. A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers in situ basement rock
sedimentary	A term describing a rock formed from sediment.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.

strike	Horizontal direction or trend of a geological structure.
unconformity	An erosional or non-depositional surface separating two rock masses or strata of different ages, indicating that sediment deposition was not continuous.
volcanics	Rocks formed or derived from volcanic activity.