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NOTICE OF GENERAL MEETING AND PROXY FORM

DETAILS OF ANNOUNCEMENT

Regal Resources Limited ("Company") advises that the General Meeting will be held:

- **at the Celtic Club, 48 Ord Street, West Perth;**
- **on Monday, 14 September 2015 at 10:00am (WST).**

The following documents have today been sent to all shareholders of the Company:

- Notice of General Meeting & Explanatory Memorandum (16 pages)
- Proxy Form (Generic) (2 pages)

For and on behalf of the Board

Yours sincerely



Ian Pamensky
Company Secretary

Further information relating to the Company and its various mining and exploration projects can be found on the Company's website at www.regalresources.com.au



ACN 106 294 106

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

The General Meeting of the Company will be held at the Celtic Club, 48 Ord Street, West Perth on Monday, 14 September 2015 at 10:00am (WST).

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

The Notice of General Meeting should be read in its 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 (03) 9626 2435

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

REGAL RESOURCES LIMITED

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NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Regal Resources Limited (Company) will be held at the Celtic Club, 48 Ord Street, West Perth on 14 September 2015 at 10:00am (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 12 September 2015 at 10:00am (WST).

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

AGENDA

1. Resolution 1 - Approval to issue Placement Shares

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 60,000,000 Shares at a price of no less than 80% of the VWAP for Shares calculated over the last 5 days on which sales of Shares were recorded before the day on which the issue is made, on the terms and conditions in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

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 - Ratification of prior issue of Tranche 1 Securities

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 4,914,819 Shares and 24,000,000 Options on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of that person.

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 - Ratification of prior issue of Tranche 1 Securities

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 19,085,181 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of that person.

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 Convertible Loan Shares

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 32,400,000 Shares to Tembo on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Tembo 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.

BY ORDER OF THE BOARD



Ian Pamensky
Company Secretary
Dated: 12 August 2015

REGAL RESOURCES LIMITED

ACN 106 294 106

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 the Celtic Club, 48 Ord Street, West Perth on 14 September 2015 at 10:00am (WST) (**Meeting**).

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 2:	Action to be taken by Shareholders
Section 3:	Resolution 1 - Approval to issue Placement Shares
Section 4:	Resolutions 2 & 3 - Ratification of prior issue of Tranche 1 Securities
Section 5:	Resolution 4 - Approval to issue Convertible Loan Shares
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of Tranche 1 Options
Schedule 3:	Material Terms of Convertible Loan Agreement
Schedule 4:	Capital Structure

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. Resolution 1 - Approval to issue Placement Shares

3.1 General

Resolution 1 seeks Shareholder approval for the issue of up to 60,000,000 Shares (**Placement Shares**).

3.2 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.

The effect of Resolution 1 will be to allow the Company to issue the Placement 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.

3.3 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 Placement Shares:

- (a) a maximum of 60,000,000 Shares are to be issued as Placement Shares;
- (b) the Placement 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 issue price of the Placement Shares will be not less than 80% of the VWAP for Shares calculated over the 5 days on which sales in the Shares are recorded before the day on which the issue is made or, if there is a prospectus, over the last 5 days on which sales in the securities were recorded before the date the prospectus is signed;
- (d) the Directors will determine to whom the Placement Shares will be issued and these persons will not be related parties of the Company;
- (e) the Placement 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) the Company intends to use the funds raised from the issue of the Placement Shares towards exploration work on permits that form part of its joint venture with Ivanhoe Mines, metallurgical test work needed to support the definitive feasibility study for the Kalongwe Project and for working capital purposes;
- (g) it is intended that the Placement Shares will be issued progressively; and
- (h) a voting exclusion statement is included in the Notice.

3.4 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 1.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

4. Resolutions 2 & 3 - Ratification of prior issue of Tranche 1 Securities

4.1 Background

On 3 February 2015 the Company announced that it had signed a strategic relationship and subscription agreement with Tembo (**Subscription Agreement**) whereby a total of 116,727,273 Shares and 70,363,636 free-attaching Options will be issued to Tembo.

The subscription is being conducted in two tranches. The first tranche raised \$1,200,000 through the issue of 24,000,000 Shares at \$0.05 each and 24,000,000 free-attaching Options (**Tranche 1 Securities**).

The Company announced the completion of the issue of the Tranche 1 Securities on 12 February 2015.

Completion of the second tranche remains subject to the satisfaction or waiver of a number of outstanding conditions precedent. The Company intends to seek Shareholder approval for the issue of the Tranche 2 Securities once the other remaining conditions precedent have been progressed.

4.2 General

Resolutions 2 and 3 seek Shareholder approval for the ratification of the Tranche 1 Securities.

The Tranche 1 Securities were issued as follows:

- (a) 4,914,819 Shares and 24,000,000 Options were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval (the subject of Resolution 2); and
- (b) 19,085,181 Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval (the subject of Resolution 3).

4.3 Listing Rule 7.4

A summary of Listing Rule 7.1 is contained in Section 3.2.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 26 November 2014.

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

The effect of Resolutions 2 and 3 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and the additional 10% annual placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

4.4 Technical 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 issue of the Tranche 1 Securities:

- (a) a total of 24,000,000 Shares and 24,000,000 Options were issued as Tranche 1 Securities as follows:

- (i) 4,914,819 Shares and 24,000,000 Options were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
 - (ii) 19,085,181 Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (b) the Shares were issued at an issue price of \$0.05 each, with one free-attaching Option for every Share issued;
- (c) the Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares
- (d) the Options were issued on the terms and conditions in Schedule 2 and Tembo and the Company have subsequently agreed that the Options will not be exercised into Shares unless and until:
 - (i) the issue of the Tranche 2 Securities has been completed; or
 - (ii) the issue of the Shares on conversion of the Options would not result in any person being in contravention of section 606(1) of the Corporations Act;
- (e) the Tranche 1 Securities were issued to Tembo;
- (f) the funds raised from the issue of the Tranche 1 Securities were applied towards the Company's Kalongwe Project and to support the Company's regional exploration programmes, business development and provide the Company with funds for general working capital purposes; and
- (g) a voting exclusion statement is included in the Notice.

4.5 Board recommendation

The Board recommends that Shareholders vote in favour of Resolutions 2 and 3.

Resolutions 2 and 3 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 2 and 3.

5. Resolution 4 - Approval to issue Convertible Loan Shares

5.1 Background

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 Tembo (**Convertible Loan Agreement**).

The material terms of the Convertible Loan Agreement and the potential impact of the Convertible Loan Agreement on the Company's capital structure are set out in Schedule 3 and Schedule 4 respectively.

5.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 3.2.

The effect of Resolution 4 will be to allow the Company to issue the Convertible Loan Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.3 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 Convertible Loan Shares:

- (a) a maximum of 32,400,000 Shares are to be issued as Convertible Loan Shares as set out below:
 - (i) a maximum of 900,000 Shares may be issued in satisfaction of the payment of the Establishment Fee;
 - (ii) a maximum of 1,500,000 Shares may be issued in satisfaction of interest payments under the Convertible Loan Agreement (excluding any interest which may become payable on overdue amounts, for which Shareholder approval is not being sought at this meeting); and
 - (iii) a maximum of 30,000,000 Shares may be issued on conversion of the Loan.
- (b) the 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 Convertible Loan Shares are being issued in accordance with the Convertible Loan Agreement and will have a deemed issue price of \$0.05 each;
- (d) the Convertible Loan Shares will be issued to Tembo or its nominee;
- (e) the 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) the Convertible Loan Shares are being issued in consideration for the provision of the Loan by Tembo and accordingly their issue will not raise any funds. The Company intends to use the funds provided by Tembo through the Loan to fund the working capital requirements of the Company, repay existing debts and any other purposes consistent with the existing business plan of the Company agreed by Tembo in writing;
- (g) it is intended that the Convertible Loan Shares will be issued progressively; and
- (h) a voting exclusion statement is included in the Notice.

5.4 Application of Section 611 of the Corporations Act

- (a) Section 606(1) 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 Convertible Loan Agreement provides that if the issue of any Shares under the Convertible Loan Agreement would result in any person being in contravention of section 606(1) of the Corporations Act than the issue of each Share that would cause the contravention shall be deferred until such time or times thereafter that the issue would not result in such a contravention. Accordingly, the Company does not require Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act for the issue of the Convertible Loan Shares.
- (c) The Company intends to seek Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act for the issue of the Shares on exercise of the Tranche 1 Options and the Convertible Loan Options at the same meeting at which it seeks Shareholder approval for the issue of the Tranche 2 Securities.

5.5 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.

5.6 Additional information relevant to Shareholders

Top-Up Right

Pursuant to the Subscription Agreement, Tembo has the right (**Top-Up Right**) to participate in any offer of Equity Securities by the Company (other than pursuant to the Traxys Transaction) to maintain its percentage holding in the Company, provided that such participation is for cash consideration that is:

- (a) no more favourable than cash consideration paid by third parties (in the case of issues of Equity Securities to third parties for cash consideration); or
- (b) equivalent in value to non-cash consideration offered by third parties (in the case of issues of Equity Securities to third parties for non-cash consideration).

ASX has granted the Company a conditional waiver of Listing Rule 6.18 to permit the Top-Up Right.

Pursuant to the terms of the ASX waiver and the Subscription Agreement, the Top-Up Right will expire upon the earlier of the following to occur:

- (a) Tembo's percentage holding of Shares falling below 9%;
- (b) Tembo's percentage holding of Shares exceeding 25%;
- (c) the strategic relationship between the Company and Tembo ceasing or changing in such a way that it effectively ceases; and
- (d) 10 years after the date of issue of the Tranche 1 Securities.

Although the Company has no present agreements to issue Equity Securities which may enliven the Top-Up Right, it is seeking Shareholder approval for the issue of the Placement Shares and any issue of Placement Shares may enliven the Top-Up Right.

First Right of Refusal

The Subscription Agreement provides that if the Company resolves to raise equity capital to finance:

- (a) the acquisition of a further interest in Kalongwe Mining (other than pursuant to the Traxys Transaction);
- (b) payments on plant and equipment for the Kalongwe Project;
- (c) the Ivanhoe joint venture arrangement; or
- (d) any regional exploration related to the Ivanhoe joint venture arrangement,

then the Company must first offer Tembo the right to contribute up to US\$5 million of equity funding for such purpose, to be priced based on a trailing 30-day VWAP of Shares on the ASX (**First Right of Refusal**).

The Board has not made any resolution to raise equity funding which may enliven the First Right of Refusal.

Schedule 1 - Definitions

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

\$ means Australian Dollars.

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

Board means the board of Directors.

Chairman means the person appointed to chair the Meeting.

Company means Regal Resources Limited ACN 106 294 106.

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

Convertible Loan Agreement has the meaning given in Section 5.1.

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

Convertible Loan Shares means the Shares which may be issued under the Convertible Loan Agreement which are the subject of Resolution 4.

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

Director means a director of the Company.

DRC means the Democratic Republic of the Congo.

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

Establishment Fee means the \$45,000 establishment fee payable by the Company to Tembo in accordance with the Convertible Loan Agreement.

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

First Right of Refusal has the meaning given in Section 0.

Kalongwe Mining means Kalongwe Mining S.A.

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

Listing Rules means the listing rules of ASX.

Loan means the \$1,500,000 loan made available by Tembo to the Company in accordance with the Convertible Loan Agreement.

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

Notice means this notice of general meeting.

Option means an option to acquire a Share.

Optionholder means the holder of an Option.

Placement Shares has the meaning given in Section 3.1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution referred to in the Notice.

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.

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

Shareholder means the holder of a Share.

Subscription Agreement has the meaning given in Section 4.1.

Tembo means Ndovu Capital VI B.V.

Tembo Shares means the Shares proposed to be issued to Tembo in accordance with the Convertible Loan Agreement.

Top-Up Right has the meaning given in Section 0.

Tranche 1 Options means the Tranche 1 Securities that are Options.

Tranche 1 Securities has the meaning given in Section 4.1.

Tranche 2 Securities means the Shares and Options proposed to be issued under the second tranche of the placement to Tembo described in Section 4.1.

Traxys means Traxys Europe S.A.

Traxys Transaction means a transaction between the Company and Traxys (and/or any related bodies corporate of Traxys) under which Traxys will subscribe for Shares in consideration for the sale of its 30% ownership interest in Kalongwe Mining to the Company.

VWAP means volume weighted average price.

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

Schedule 2 - Terms and Conditions of Tranche 1 Options

The following terms and conditions apply to the Tranche 1 Options:

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

Options	Exercise price	Expiry date
Tranche 1 Options	\$0.08	10 February 2018

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 3 - Material Terms of Convertible Loan Agreement

Term		Provision
1.	Lender	Ndovu Capital VI B.V. (Lender)
2.	Borrower	Regal Resources Limited (Borrower)
3.	Principal amount	\$1,500,000
4.	Use of funds	Funding the working capital requirements of the Borrower, repay existing debts and any other purposes agreed by the Lender in writing.
5.	Establishment Fee	<p>A non-refundable establishment fee of \$45,000 is payable by the Borrower (Establishment Fee).</p> <p>The Borrower has elected for the Establishment Fee to be paid in Shares. If Shareholder approval for the issue of the Establishment Fee shares is not obtained on or before 14 September 2015 (or such other date as agreed by the parties in writing) (Cut-Off Date), the Establishment Fee must be paid in cash within 10 business days.</p> <p>The number of Shares to be issued to satisfy the Establishment Fee is 900,000.</p>
6.	Convertible Loan Options	Within 5 business days of receiving the required Shareholder approvals (to be sought at a subsequent Shareholder meeting), the Borrower must issue 30,000,000 Options to the Lender exercisable at \$0.06 each on or before the date that is 60 months after the issue date.
7.	Interest	<p>Interest will accrue on the Loan at the rate of 10% per annum, payable quarterly.</p> <p>Interest will accrue on any overdue amounts at the rate of 12% per annum, and may be capitalised monthly.</p> <p>The Lender may elect that the accrued interest to be paid for a quarter is to be converted into Shares by giving the Borrower a Conversion Notice at least 10 business days prior to the relevant quarterly payment date. The conversion price will be \$0.05 per Share.</p>
8.	Security	The Loan is unsecured.
9.	Cut-Off Date	If the Company does not obtain the Shareholder approvals the subject of Resolution 4 on or before the Cut-Off Date, the Borrower must pay to the Lender a non-refundable fee of \$100,000.
10.	Repayment Date	27 November 2015
11.	Conversion Notice - Lender	Subject to the receipt of Shareholder approval for Resolution 4, the Lender may elect for the Loan to be converted into Shares at any time on or before the Repayment Date.
12.	Conversion Notice - Borrower	Subject to the receipt of Shareholder approval for Resolution 4 and completion of the Traxys Transaction, the Borrower may elect for the Loan to be converted into Shares at any time on or before the Repayment Date.

Term		Provision
13.	Conversion Price	<p>The number of Shares to be issued to the Lender on conversion of the Loan is to be determined in accordance with the following formula:</p> $A = \frac{\$1,500,000 + B}{\$0.05}$ <p>Where:</p> <p>A = the number of Shares to be issued to the Lender</p> <p>B = the unpaid interest amount specified in the Conversion Notice.</p>
14.	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.
15.	Standard provisions	Standard representations and warranties, covenants, events of default and indemnity in favour of the Lender for an agreement of this type were agreed.

Schedule 4 - Capital Structure

		Shares to be issued to Tembo	Total Tembo Shares	Other Shareholders	Total Shares	Tembo voting power
Shares currently held		-	24,000,000	193,045,458	217,045,458	11.06%
Convertible Loan Shares (Resolution 4)	Establishment Fee	900,000	24,900,000	193,045,458	217,945,458	11.42%
	Maximum interest	1,500,000	26,400,000	193,045,458	219,445,458	12.03%
	Conversion of Convertible Loan	30,000,000	56,400,000	193,045,458	249,445,458	22.61% ⁽²⁾

Notes:

- (1) The above table assumes no Shares are issued under the general placement the subject of Resolution 1 or for any other purpose.
- (2) The Convertible Loan Agreement prohibits the issue of Shares under the Convertible Loan Agreement if it would result in any person contravening section 606(1) of the Corporations Act. Accordingly, the actual maximum voting power of Tembo upon conversion of the Convertible Loan is 19.99%. See Section 5.3 for further information.



ACN 106 294 106

Please return this Proxy Form to Advanced Share Registry by

Mail
Hand Delivery
Facsimile
Email

PO Box 1156, Nedlands, WA 6909
110 Stirling Highway, Nedlands, WA 6009
(08) 9262 3723
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.

Step 1 - Appoint a Proxy to Vote on Your Behalf

I/We being Shareholder/s of the Company hereby appoint:

The Chairman of
the Meeting (mark
box)

☐

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 the Celtic Club, 48 Ord Street, West Perth on Monday, 14 September 2015 at 10:00am (WST).

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.

Step 2 - Instructions as to Voting on Resolutions

INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Approval to issue Placement Shares			
Resolution 2	Ratification of prior issue of Tranche 1 Securities			
Resolution 3	Ratification of prior issue of Tranche 1 Securities			
Resolution 4	Approval to issue Convertible Loan Shares			

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 Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date



ACN 106 294 106

¹Insert name and address of Shareholder ² Insert name and address of proxy *Omit if not applicable

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 received by the Company's registry not less than 48 hours prior to the time of commencement of the Meeting (WST) by

Mail	PO Box 1156, Nedlands, WA 6909
Hand Delivery	110 Stirling Highway, Nedlands, WA 6009
Facsimile	(08) 9262 3723
Email	admin@advancedshare.com.au