Regal Resources Limited

ABN 23 106 294 106

Annual Report - 30 June 2015

Regal Resources Limited
Corporate Directory
30 June 2015

Directors:	Mark Savich - *non-executive Chairman (Interim)* David Young - *Managing Director and Chief Executive Officer* Dr Simon Dorling - *non-executive Director* Dr Peter Ruxton – *non-executive Director* Rohan Gillespie – *non-executive Chairman* (resigned 9 June 2015) Angus Edgar – *non-executive Director* (resigned 9 June 2015)
Company secretary:	Ian Pamensky
Registered office:	Ground Floor, 11 Ventnor Avenue, West Perth WA 6005 Tel: (+61 8) 6355 6888
Principal place of business:	Level 3, IBM Centre, 60 City Road, Southbank VIC 3006 Tel: (+61 3) 9626 2435
Share register:	Advanced Share Registry Services 150 Stirling Highway Nedlands WA 6009 Tel: (+61 8) 9389 8033 Fax: (+61 8) 9398 7871
Auditor:	BDO East Coast Partnership Level 14, 140 William Street Melbourne VIC 3000
Stock exchange listing:	Regal Resources Limited shares are listed on the Australian Securities Exchange (ASX code: RER)
Website address:	www.regalresources.com.au

Regal Resources Limited
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30 June 2015

1. Overview

During the reporting period, the principal activities of Regal Resources Ltd ("Regal" or "Company") were focussed on evaluating the Kalongwe Copper Project located in the Katanga Province of the DRC in order to determine if the deposit, hosting a resource of 302,000 tonnes ("t") contained Copper ("Copper" or "Cu") and 42,000 t contained Cobalt ("Cobalt" or "Co"), could be developed as a stand-alone mining operation.

Work programmes undertaken included the completion of: two phases of diamond drilling for a total of 6000 metres ("m"), two (2) Joint Ore Reserves Committee ("JORC") Mineral Resource estimates, a metallurgical test work programme and a Scoping Study ("Scoping Study" or "Study").

The results of the Scoping Study were extremely encouraging highlighting the potential for the establishment of a low capital expenditure ("CAPEX"), economically viable, robust project with low operational expenditure ("OPEX") and short payback period.

Key Outcomes of the Scoping Study are:

Project Net Present Value (NPV @ 10% discount rate)*	$77.9 million ("M")
Project Internal Rate of Return (IRR)*	81%
Payback*	13 months
Capital Cost to Initial Production	$38.9M
Operating Costs (per pound ("lb") Cu payable)	$1.01 lb ($1.38 per lb with transport costs included)
Production Target Profile	1.03 Megatonnes per annum ("Mtpa") processed through Heavy Media Separation ("HMS") plant
Total Sales Revenue	$397.3M
Estimated average annual Copper production**	21,249 t (tonnes of Cu in concentrate)
Life of Mine ("LOM"), strip ratio (t:t)	1.52
Timeline to initial production	12-16 months from approval of Mining Licence
Product Quality**	3.27% Cu avg. ore grade over LOM and HMS concentrate grade >20% Cu

NOTE: The Scoping Study is based on low-level technical 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.

** Base Case is stated on a post-tax basis assuming 100% project at a Copper price of $3.00/lb. All amounts are in US dollars unless otherwise stated.*
*** Forecast Cobalt grades will be defined in subsequent work on the Kalongwe Project.*

After the completion of the economic and technical assessment of developing a mining operation at Kalongwe, Regal on behalf of the Kalongwe Mining Joint Venture ("JV") prepared an application to convert the exploration permit to a mining permit.

The Democratic Republic of Congo ("DRC") Ministry of Mines has advised that the application has been approved and that a recommendation has been sent to the Minister of Mines for the permit to be converted to a mining licence.

Kalongwe Mining SA is a DRC registered company currently jointly controlled by Regal (30%), the international commodities trading company Traxys (30%) and La Generale Industrielle et Commerciale au Congo SPRL ("GICC") (40%).

Traxys and Regal have agreed that the most effective approach to developing a mining operation at Kalongwe would be if Regal holds a 60% interest in the Project. Negotiations are at an advanced stage to finalise the terms and conditions under which Regal would acquire their 30% interest.

During the financial year the Company also successfully negotiated a farm-in agreement with Ivanhoe Mines Ltd to earn up to 98% interest in a block of five (5) permits that cover approximately 350 square kilometres ("sq. km). The permits surround and are generally contiguous to the Kalongwe deposit.

Ivanhoe Mines previously conducted regional exploration programmes over parts of the permits and identified numerous Prospects containing significant Copper mineralisation.

An amount of AUD 3.2M was raised through two (2) share placements. One was with an affiliate of Sprott Inc. ("Sprott") and the other with Tembo Mining Capital ("Tembo"). A further AUD 1.5M was provided by way of a convertible loan agreement with Tembo.

A number of board changes were made during the course of the year. Mr. Mark Savich and Tembo founder Dr. Peter Ruxton were appointed as non-executive Directors and two (2) non-executive Directors, Rohan Gillespie and Mr. Angus Edgar resigned. Mr. Savich has assumed the position of Chairman from Mr. Gillespie on an interim basis.

2. Highlights

Kalongwe Copper-Cobalt Project

- A thirty-four (34) hole Phase II infill diamond drilling programme was completed for a total of 4,287 m. Drill holes intersected broad widths of high-grade copper and cobalt mineralisation:

101.3 m @ 4.25% Cu & 0.42% Co from 10.10 m	**57.30 m @ 4.58% Cu & 0.62% Co from 3.80 m**
96.70 m @ 3.76% Cu & 0.53% Co from 15.00 m	**92.10 m @ 5.24% Cu & 0.55% Co from 21.00 m**
87.50 m @ 3.35% Cu & 0.37% Co from 48.30 m	**80.50 m @ 4.27% Cu & 0.76% Co from 25.70 m**
75.00 m @ 6.30% Cu & 0.73% Co from 12.00 m	**69.00 m @ 5.29% Cu & 0.77% Co from 5.50 m**
68.20 m @ 3.98% Cu & 0.53% Co from 6.00 m	**62.90 m @ 3.26% Cu & 0.43% Co from 19.50 m**

- The results of the drilling programme were incorporated into a revised mineral resources model that was used to generate an upgraded and reclassified JORC Mineral Resource estimation of:
  - **11.17 Mt ("Megatonnes") @ 2.70% Cu (0.5% Cu cut off), 302,000 t Cu including 29,700 t Co, and**
  - **2.29 Mt @ 0.57% Co (0.2% Co cut off), 13,000 t Co.**
- The revised resource estimate represents an almost 75% conversion of the Inferred Maiden JORC resource (ASX release: 5 February 2015) to a Measured and Indicated JORC classification. Average grade of Measured Resource category is 3.61% Cu.
- Oxide mineralisation accounts for over 95% of the resource estimate.
- The results of the Scoping Study have identified opportunities to improve the economics of the Kalongwe Project. All of these will be investigated during the course of the Definitive Feasibility Study ("DFS").
- ALS Metallurgical Laboratories in Perth (Australia) has commenced a comprehensive metallurgical test work programme as part of the DFS. The results will enable the development of a detailed mineral processing flow sheet to be used for HMS plant design improvements.
- A regional exploration programme was commenced to evaluate high value in-soil copper and cobalt results coincident with fragments of Lower Roan Mine Series rock units, mapped along strike from the Kalongwe deposit.

Regal-Ivanhoe Joint Venture / Fold and Thrust Belt Joint Venture ("FTBJV")

- A detailed technical review of historic exploration results covering the five (5) exploration permits that form the JV was undertaken.

- Five (5) Prospects, some with multiple zones of Copper mineralisation were identified from the database as meriting priority field investigation.
- Follow-up field investigation was conducted over two (2) of the five (5) Prospects. At the Kambundji Prospect, Copper mineralisation was mapped in outcrop and artisanal workings over a distance of about 200 m. The structure hosting the mineralisation has an estimated strike extent of 8 kilometres ("km") Rock chip samples collected in the area returned values of up to 4.95% Cu.

Victoria Brown Coal Tenements

- Rehabilitation works were concluded at the EL 4507 and EL 4510 sites in accordance with licence conditions and to the satisfaction of the Victoria State Department of Economic Development, Jobs, Transport & Resources.

Corporate

- Completed a AUD 2M share placement with an affiliate of Sprott. Funds were used to advance the Kalongwe Phase II work programme and to make final payment to GICC for Regal's 30% interest in the Kalongwe Project.
- Announced a AUD 6.3M share placement with the mining private equity fund group, Tembo Capital Mining Fund LP ("Tembo"). Tranche 1 of the placement completed on 12 February 2015, raised AUD 1.2M (at 5c per share).
- Entered into an AUD 1.5M convertible loan financing agreement with Tembo to commence exploration work associated with the Regal-Ivanhoe JV, necessary metallurgical test work for the Kalongwe DFS and working capital.
- Mr. Ian Pamensky was appointed Company Secretary and Financial and Commercial Manager in January 2015.
- Dr. Peter Ruxton was appointed to the Regal Board of Directors as a non-executive Director in February 2015.
- Messrs. Rohan Gillespie (non-executive Chairman and Director) and Angus Edgar (non-executive Director) resigned from the Board of Directors in June 2015. Mr. Mark Savich has been appointed interim Chairman.
- The former business office in Melbourne (Australia) was vacated for a smaller and less expensive office as part of a corporate cost-saving strategy.

3. Project Reviews

3.1. Kalongwe High Grade Copper-Cobalt Project

The Kalongwe deposit is located at the western end of the DRC Copperbelt within 15 km of the Ivanhoe Kamoa Project.

Drilling has confirmed that the geology of the deposit has characteristics typical of the majority of the stratabound Congolese Copperbelt type deposits which host over 90% of operating mines in the Katanga Province, DRC (Figure 1).

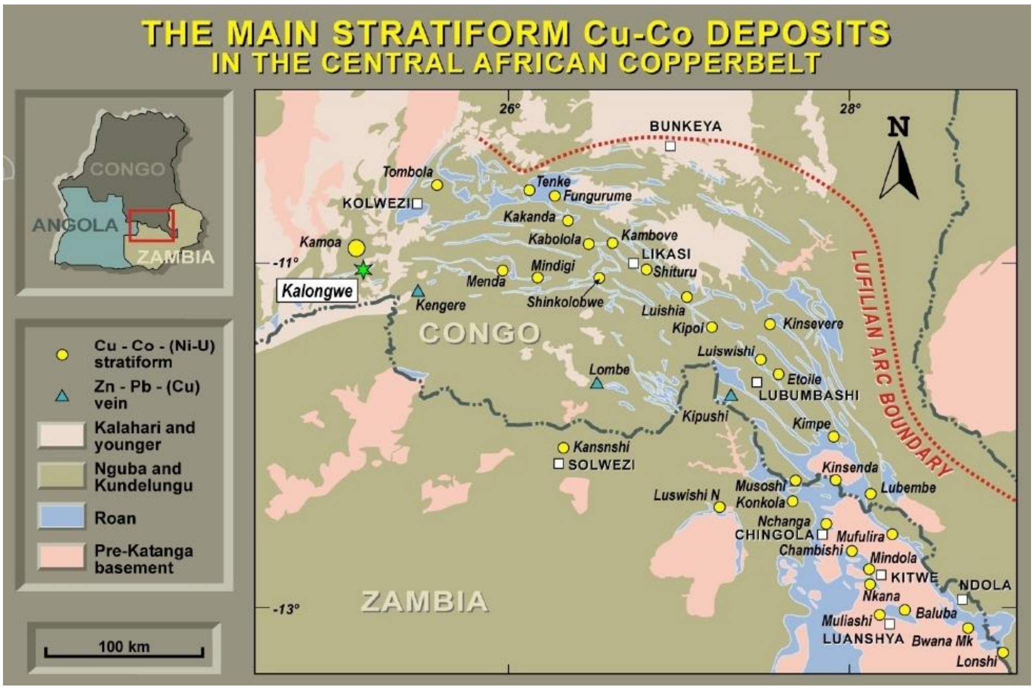


Figure 1: Map of the Central African Copperbelt showing the location of the Kalongwe Project relative to principal Cu-Co deposits.

The R2 series Lower Roan rocks hosting mineralisation at Kalongwe extend for about 400 m to 450 m in an east-north-east direction, (Figure 2). The eastern limit is confirmed by drilling and the western extent appears fault-bounded. The R2 rocks are not closed off at depth.

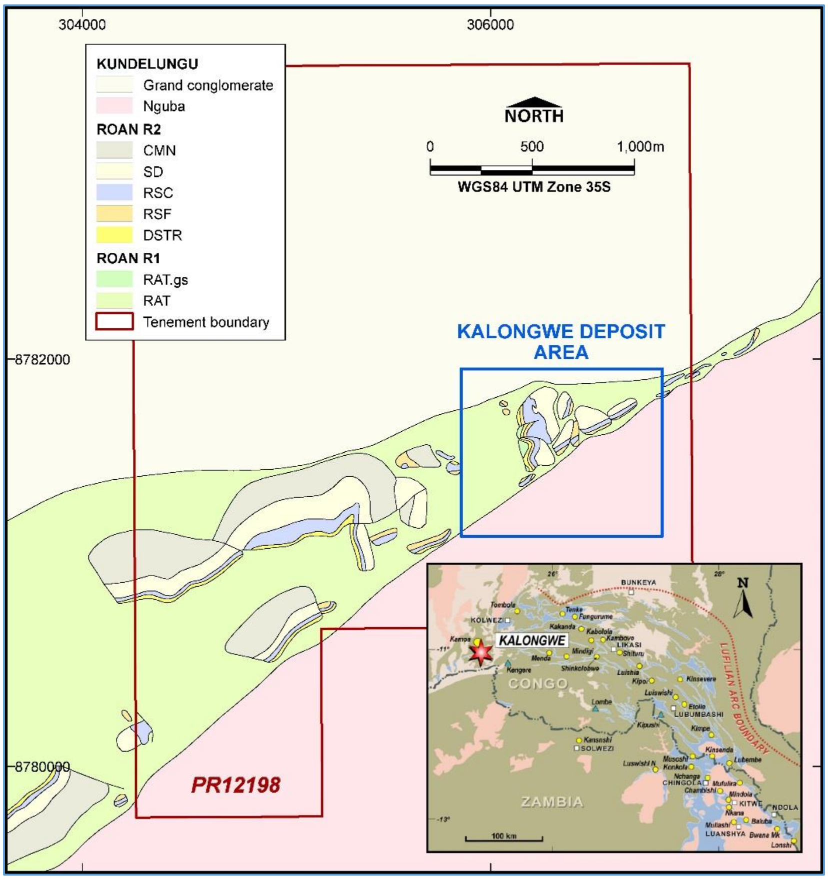


Figure 2: Simplified geological map of PR 12198 and the location of the Kalongwe deposit area.

Mineralisation is hosted in a recumbent fold structure with a hanging-wall limb that has been faulted along several axial plane, parallel reverse faults that has resulted in structural repetitions, “stacking” and strong fracturing and mineralisation of Roan rocks. Copper-Cobalt mineralisation extends down-dip and is broadly conformable with dipping strata seen in surface exposures.

Mineralisation occurs in two (2) settings: stratabound mineralisation and structurally controlled breccias and veins. Oxide mineralisation is found in veins and breccias and as disseminated blebs and grains in stratigraphic horizons, (Figure 3).

The predominant secondary minerals in order of relative abundance are malachite, chrysocolla and azurite for Cu and heterogenite for Co.

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.

Figure 3: Style, mineral type and host rock examples - (LHS) void filling Cu-oxide mineralisation (malachite) in silicified stromatolitic ex-dolomite; (Centre) vein style mineralisation including malachite, chrysochola and heterogenite in fractures, weathered ex-carbonaceous siltstone; (RHS) botriodal high-grade Cobalt mineralisation, (width of core is 8 cm).

Diamond drilling programmes

On 20 June 2014, Regal announced the completion of a Phase I diamond drilling programme for a total of 1,785 m (ASX release: 20 June 2014). A total of twelve (12) diamond holes were drilled during this campaign with the objective of:

- Replicating results of the historic (2006 / 2007) Ivanhoe diamond drill holes,
- Replicating results of historic (reverse circulation / percussion) holes,
- Replicating results in areas of high-grade and low-grade mineralisation,
- Confirming high-grade results in key resource areas, and
- Ultimately, establishing a high level of confidence in the historic data for the purpose of resource estimation.

The overall Phase I results were highly encouraging, confirming the historic Ivanhoe drill intersections. All available drill results were used to generate a maiden JORC-compliant Mineral Resource estimate for the Kalongwe fragment "ecaille".The resource estimate (Table 1) was released to the ASX on the 11th July, 2014.

Table 1: Kalongwe Maiden JORC 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	Mixed [3]	4.04	3.14	0.72	127,000	29,100
Inferred	Total Cu Domains	10.41	2.65	-	276,000	-
Inferred	Co Only [2]	1.94	-	0.69	-	13,400
Inferred	Total Co Domains	1.94	-	0.69	-	13,400 + 29,100 (Co credits in Mixed zone)

1. *The Cu only domains were reported by selecting blocks with Cu >= 0.5%.*
2. *The Co only domains were reported by selecting blocks with Co >= 0.2%.*
3. *The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu >= 0.5%. The Co grade from these blocks was also 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.*

Phase II Drilling Programme

A 34-hole Phase II diamond drilling campaign commenced in August 2014 and was completed by the end of November 2014 for a total of 4,213 m. One of the objectives was to close the drill spacing from a 100 m along-strike x 100 m down-dip grid pattern (in places 50 m x 50 m), to the current nominal grid pattern of 50 m x 50 m (in places 25 m x 50 m) across the deposit, (Figure 3).

Significant drill results included:

- 92.1 m at 5.24% Cu and 0.55% Co from 21.0 m,
- 69.0 m at 5.29% Cu and 0.77% Co from 05.5 m,
- 96.7 m at 3.76% Cu and 0.53% Co from 15.0 m,
- 62.3 m at 4.29% Cu and 0.58% Co from 06.0 m,
- 47.9 m at 4.05% Cu and 0.51% Co from 19.5 m,
- 45.0 m at 3.64% Cu and 0.20% Co from 17.4 m,
- 40.2 m at 3.98% Cu and 0.53% Co from 23.3 m, and
- 14.0 m at 8.00% Cu and 0.36% Co from 14.0 m.

All assay results for the Phase II programme are presented in (Table 2).

Table 2: Phase II drilling programme Copper and Cobalt assay results for all drill holes.

Hole ID	From (m)	To (m)	Down hole interval (m)	Cu%	Co%	Recovery (%)	Comments
DKAL_DD088	108.2	112.4	4.2	2.67	0.56	89	Down hole length
	123.3	137.3	14.0	1.21	0.19	83	Down hole length
	147.9	197.9	50	2.03	0.57	95	Down hole length
DKAL_DD089	48.3	135.8	87.5	3.35	0.37	91	Down hole length
	150.5	157.25	6.75	1.64	0.41	99	Down hole length

Hole ID	From (m)	To (m)	Down hole interval (m)	Cu%	Co%	Recovery (%)	Comments
DKAL_DD090	103.2	125.4	22.2	4.76	0.08	78	Down hole length
	150.4	157.1	6.70	1.30	0.11	57	Down hole length
DKAL_DD091	139.9	145.4	5.5	2.56	0.29	77	Down hole length
	165.8	173.8	8	0.33	0.37	60	Down hole length
DKAL_DD092	51.5	101.6	50.1	3.33	0.16	70	Down hole length
	114.6	119.4	4.8	3.10	0.37	92	Down hole length
	133.1	142.4	9.3	1.41	1.44	92	Down hole length
DKAL_DD093	25.7	106.2	80.5	4.27	0.76	91	Down hole length
	132.0	144.0	12.0	6.05	0.08	59	Down hole length
DKAL_DD094	12	87	75	6.30	0.73	94	Down hole length
DKAL_DD095	3.8	61.1	57.3	4.58	0.62	91	Down hole length
	64.1	74.1	10.0	4.90	0.74	48	Down hole length
	110.2	121.2	11.0	5.65	0.53	92	Down hole length
DKAL_DD096	10	13	3	3.52	0.31	91	Down hole length
	19	21	2	2.28	1.44	85	Down hole length
	28	60	32	1.77	0.22	90	Down hole length
DKAL_DD097	14.7	37.8	23.1	3.35	0.46	85	Down hole length
DKAL_DD098	11	19.2	8.2	0.25	0.41	82	Down hole length
	19.2	49.9	30.7	2.77	0.48	80	Down hole length
DKAL_DD099	5.1	9.1	4		0.71	96	Down hole length
	10.1	113.4	103.3	4.25	0.42	90	Down hole length
DKAL_DD100	17	23.1	6.1	2.38	0.18	83	Down hole length
	60.1	67.5	7.4	1.41		40	Down hole length
	74.7	76	1.3	1.73	0.27	67	Down hole length
DKAL_DD101	73.9	83.2	9.3	2.02	0.34	83	Down hole length
	88.2	109.2	21	1.56	0.25	83	Down hole length
	141.7	150.7	9	1.41		83	Down hole length
DKAL_DD102	7	34	27	5.14	0.81	87	Down hole length
	42.9	49.1	6.2	0.87	0.4	83	Down hole length
	113	120.7	7.7	5.55	0.13	66	Down hole length
DKAL_DD103	65.2	79	13.8		0.25	87	Down hole length
	85	90	5		0.68	87	Down hole length
	115.2	120.2	5	0.62	0.39	81	Down hole length
	126.2	129.2	3	1.02	0.39	81	Down hole length
DKAL_DD104	12.2	22.2	10		0.27	83	Down hole length
	27.2	43.6	16.4	2.76	0.28	82	Down hole length
	56.6	84.3	27.7	1.87	0.32	80	Down hole length
DKAL_DD105	8	39.2	31.2		0.43	54	Down hole length
	46.2	55	8.8		0.22	60	Down hole length
	63.1	97.4	34.3	1.71	0.14	85	Down hole length
	104.4	114.6	10.2	3.30		89	Down hole length
	121.6	135.6	14	3.58		88	Down hole length
DKAL_DD106	65	91	26		0.29	85	Down hole length
DKAL_DD107	6	20.5	14.5		0.48	50	Down hole length
DKAL_DD108	104.6	108.6	4		0.20	84	Down hole length

Hole ID	From (m)	To (m)	Down hole interval (m)	Cu%	Co%	Recovery (%)	Comments
	149.5	155	5.5	1.11		40	Down hole length
DKAL_DD109	6	21	15		0.48	100	Down hole length
	21	113.1	92.1	5.24	0.55	82	Down hole length
	118.3	122.5	4.2	1.14	0.35	22	Down hole length
DKAL_DD110	14	28	14	8.00	0.32	80	Down hole length
DKAL_DD111	8	17.2	9.2		0.29	95	Down hole length
	19.2	54.4	35.2	2.17	0.55	97	Down hole length
	54.4	64.4	10	0.31	0.33	74	Down hole length
	64.4	88.4	24	1.64	0.44	82	Down hole length
DKAL_DD112	NSI						Down hole length
DKAL_DD113	2	6	4	0.22	0.65	100	Down hole length
	6	74.2	68.2	3.98	0.53	95	Down hole length
DKAL_DD114	165.5	176.5	11	1.15	0.38	88	Down hole length
	182.5	188.5	6	1.12		77	Down hole length
DKAL_DD115	5.5	74.5	69	5.29	0.77	87	Down hole length
	74.5	103.1	28.6	2.27	0.27	44	Down hole length
	112.1	130.5 (EOH)	18.4	2.69	0.16	70	Down hole length
DKAL_DD116	11	15	4		0.30	99	Down hole length
	15	111.7	96.7	3.76	0.53	86	Down hole length
DKAL_DD117	5	13	8		0.73	91	Down hole length
	13	30	17	5.02	0.54	71	Down hole length
	39	65 (EOH)	26	4.67	0.69	84	Down hole length
DKAL_DD118	8.5	19.5	11	0.37	0.46	94	Down hole length
	19.5	82.4	62.9	3.26	0.43	88	Down hole length
DKAL_DD119	9.6	38.3	28.7	3.50	0.29	92	Down hole length
	46.8	50.5 (EOH)	3.7	2.14	0.53	77	Down hole length
DKAL_DD120	17.4	62.4	45	3.64	0.20	75	Down hole length
DKAL_DD121	5	20.3	15.3		0.41	89	Down hole length
	23.3	63.5	40.2	3.98	0.53	94	Down hole length

NOTES: 1. All holes are diamond drill holes containing PQ and HQ core. 2. Samples are quarter core for PQ and half core for HQ. 3. Assaying is conducted at ALS Chemex Laboratories, Johannesburg, South Africa using industry standard analysis for Copper and Cobalt (ME-ICP61). 4. Certified reference materials, blanks and quarter core 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 cut-off grade has been applied. 7. True widths are approximately 80-90% of the reported down-hole interval. 8. NSI – no significant intercept.

The overall results of the Phase II programme confirmed the following:

Excellent continuity of mineralisation between the 50 m spaced section lines, along strike and down-dip, and
The validity of the previous geological model, substantiating a very significant, very high grade, shallow mineralisation, (Figures 4 and 5), that should be amenable to supporting a low strip ratio, open pit mining operation.

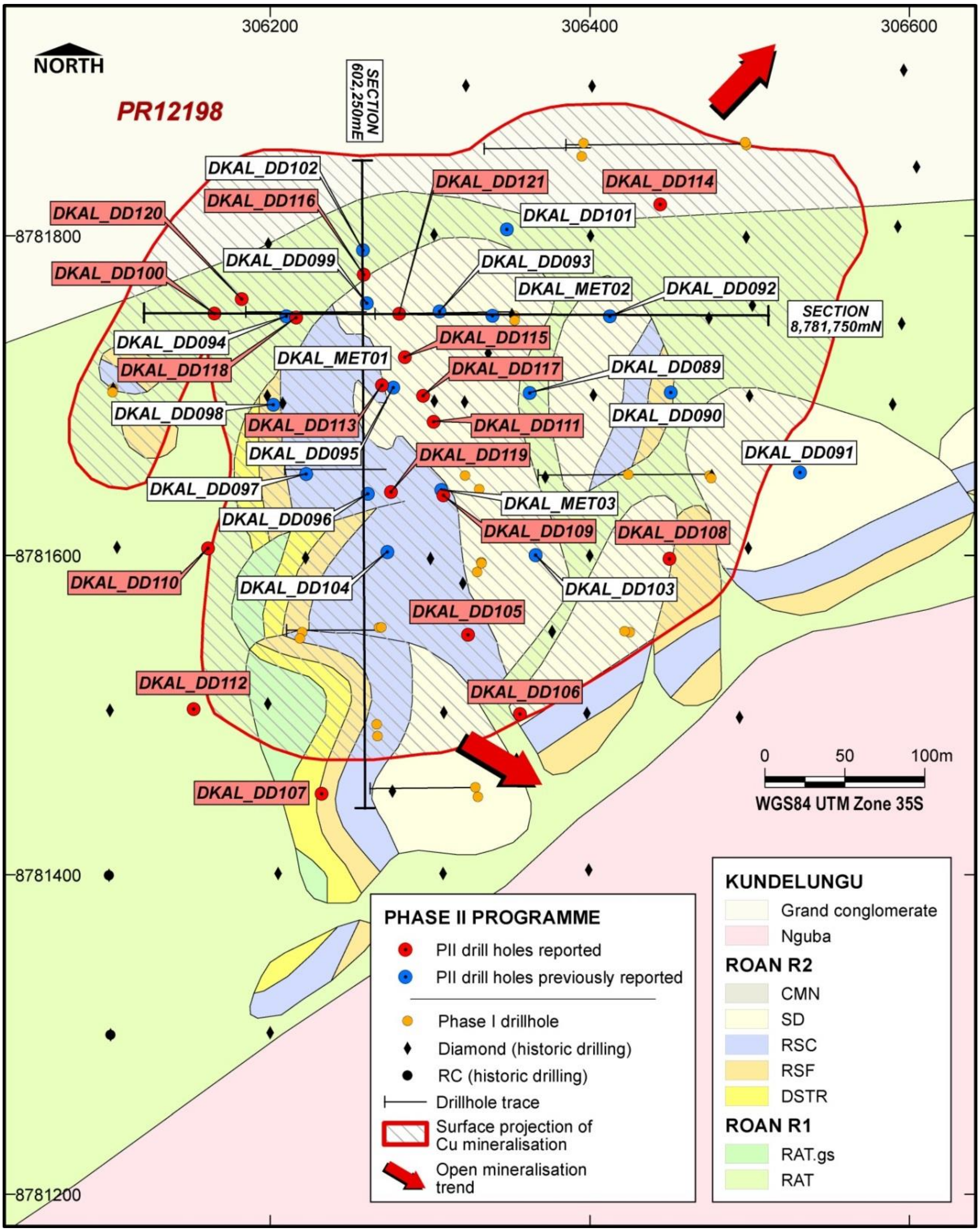


Figure 3: Geological map of the Kalongwe deposit area showing the layout of completed Phase II drilling and referenced cross sections.

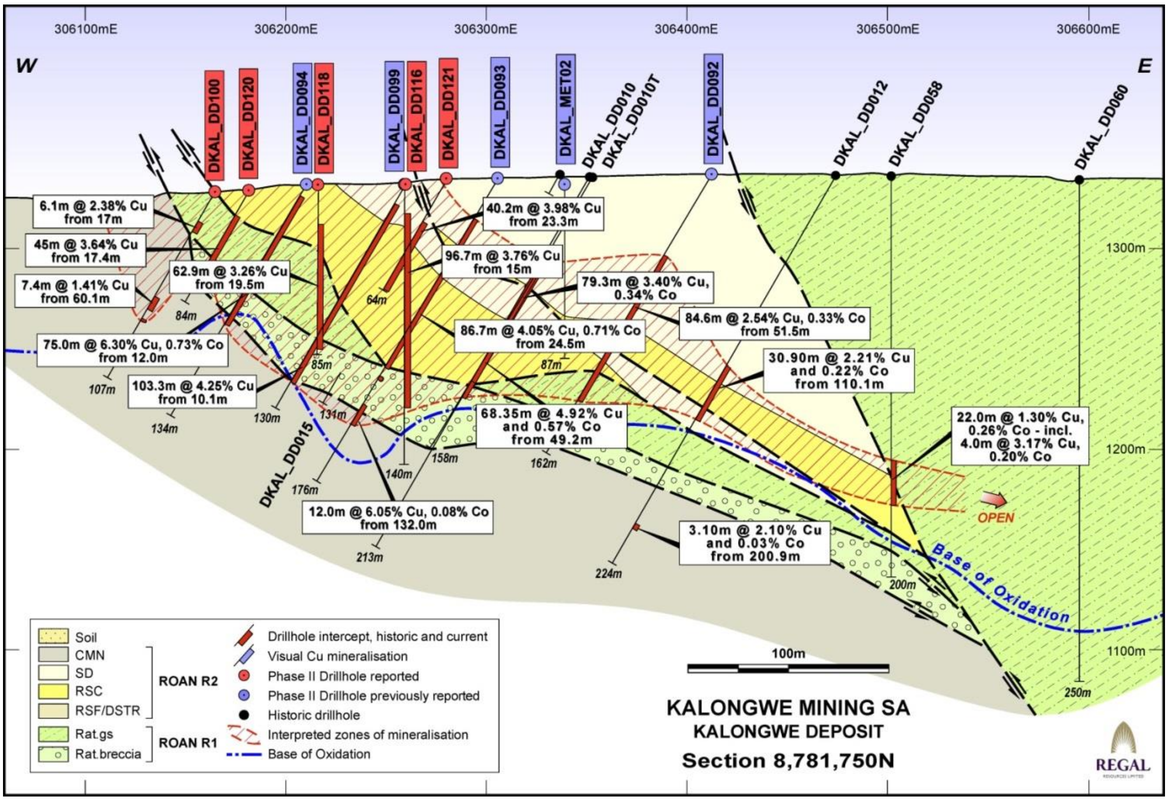


Figure 4: Geological cross section 8,781,750mN of the Kalongwe Cu-Co mineralisation.

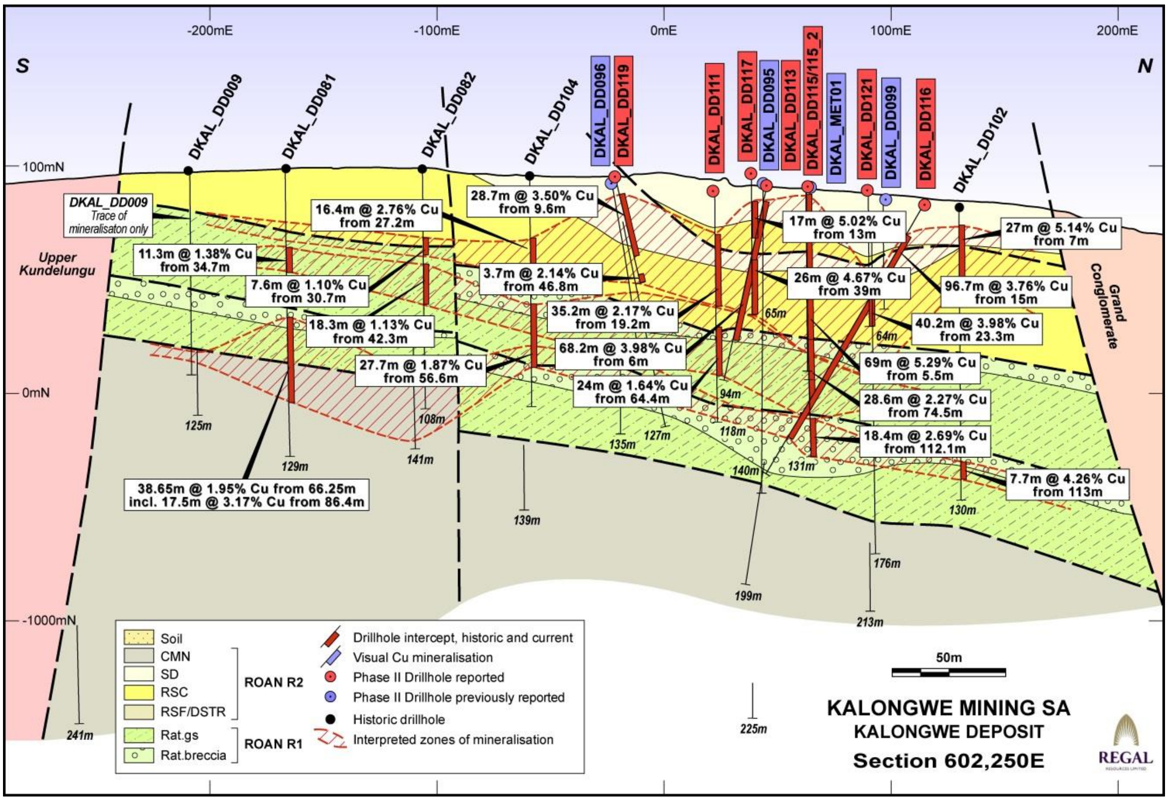


Figure 5: North-South geological Long Section 602,250mE of the Kalongwe Cu-Co mineralisation.

Revised and Upgraded Mineral Resource Estimate

In February 2015, the Company announced an updated and revised JORC-compliant Mineral Resource estimate for the Kalongwe Project, completed by the independent consulting group, CSA Global Pty Ltd ("CSA"), (ASX: RER, 5 February 2015) (Table 3).

Table 3: Kalongwe Cu-Co Project-Mineral Resource estimate (February 2015).

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

Notes:

1. *The Cu only domains were reported by selecting blocks with Cu >= 0.5%.*
2. *The Co only domains were reported by selecting blocks with Co >= 0.2%.*
3. *The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu >= 0.5%. The Co grade from these blocks was also reported.*

* *It is assumed for the purposes of this Mineral Resource that Cu grades in the Co only domains, and Co grades in the Cu only domains are 0%, although low grade mineralisation was recorded in sample assays. Therefore the reported Cu% and Co% grades are diluted, where they are reported in the other domains.*

As a result of the spatial tightening of the drilling grid during the Phase II programme, the level of confidence in grade distribution and geological continuity confidence in the geological model (stratigraphy and mineralisation) improved significantly, allowing an upgrading of the mineral resource classification.

The revised Mineral Resource was based upon data obtained from a total of ninety-eight (98) holes (16,471 m) which included the 2006 / 2007 Ivanhoe drill holes, and the Phase I and Phase II diamond drill holes completed by the Kalongwe JV during 2014.

All Phase I and II drill samples were analysed at ALS Johannesburg (South Africa), and the precision and accuracy of the analyses tested through Quality Assurance and Quality Control (QA / QC) procedures was demonstrated to support the Mineral Resource classification categories applied.

The QA / QC information, quality of bulk density data and overall geological understanding was considered adequate for the re-classification of approximately 75% of the Inferred Maiden JORC Mineral Resource to Measured and Indicated categories under the JORC Code (2012 Edition).

The revised resource model defines distinct near-surface high-grade Copper zones with Copper grades commonly exceeding 3% Cu, (Figure 6). The Co mineralisation shows more distribution variability in that there are multiple high grade Cobalt concentrations that have a range smaller than the current drill hole spacing.

The Measured component mineral resource occurs in the top 50 m below surface level and has an average grade of 3.61% Cu.

Overall, the outcome of the revised estimate is a significant improvement on the maiden Mineral Resource estimate and is a confirmation of the robustness of the initial interpretation and grade distribution, as nearly 100% of the Phase II drilling was conducted inside the maiden Mineral Resource volume.

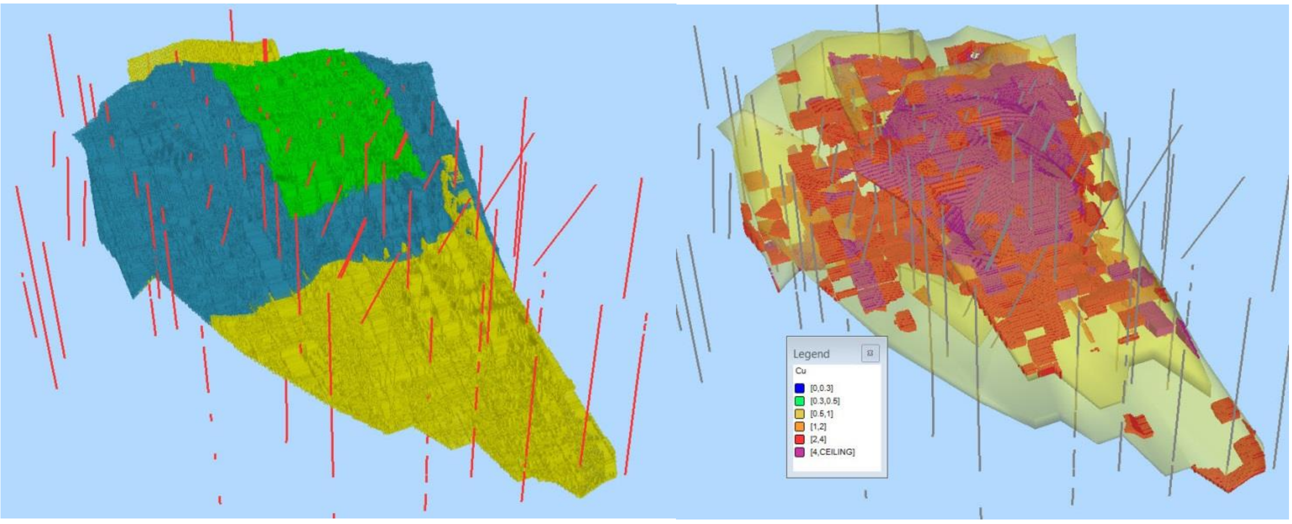


Figure 6: Screen-prints of 3D view of the block model. LHS: Colour coded by classification (Green=Measured, Blue=Indicated, Yellow=Inferred. RHS: Colour-coded grade distribution greater than 2.5% Cu within the Cu mineralisation shell showing the near surface high grade mineralisation in the Measured category.

Metallurgical Test Work

A first stage metallurgical test work programme was undertaken on a set of four (4) composite samples representative of the mixed Copper and Cobalt oxide mineralised zones of the Kalongwe deposit. The test work results announced early August 2014 were highly encouraging and demonstrated the amenability of oxide ore from the Kalongwe deposit to be upgraded to produce a saleable Copper gravity concentrate of >20% and an enhanced Cobalt product of >2% by the application of HMS and Spirals technologies, (ASX release: 7 August 2014).

At the end of the Phase II drilling campaign, three (3) additional diamond drill holes were completed as dedicated metallurgical holes. They were specifically targeted to recover large- diameter diamond drill core samples of material representative of the ore scheduled to be mined over the first five (5) years of the anticipated mine life, (Table 4).

Table 4: Collar details for the Phase II metallurgical drill holes.

Hole ID	East (UTM)	North (UTM)	RL	Dip	Azimuth (magnetic)	EOH	Recovery (%)
DKAL_MET01	306284.06	8781724.24	1336.40	-60	270	90.5	84
DKAL_MET02	306339.00	8781750.00	1335.00	-90	0	86.7	94
DKAL_MET03	306307.00	8781641.00	1343.00	-90	0	48.1	98

The sample material was shipped to the ALS Metallurgical Laboratories in Perth (Australia) to conduct comprehensive confirmation metallurgical testwork on a coarser sized material (12 millimetres or "mm") than was previously used in the initial testwork programme, which will better represent the size of expected feed material in a commercial HMS plant.

The testwork results will be used as input into the planned DFS and for the development of a detailed mineral processing flow sheet that will allow design improvements to the HMS plant.

Conversion to Exploitation Permit

On behalf of Kalongwe Mining, in accordance with DRC Mining Code (2002), Regal prepared an application for the conversion of the current exploration permit to a mining(exploitation)permit. The Ministry of Mines has advised Kalongwe Mining that it has approved the Environmental Impact Study (EIS) and Environmental Management Plan of the Project (EMPP) as well as the technical study that demonstrates:

- The existence of a large scale, economically exploitable deposit,
- The availability of necessary financial resources to successfully complete the project, and
- A plan for the technical supervision of the development, construction and exploitation of the mine.

Following the favourable review, a recommendation was sent to the Minister of Mines to grant an exploitation permit for the Kalongwe Project.

Under the Mining Code the holder of an exploitation permit has the exclusive right to conduct exploration, development, construction and mining activities for those minerals for which the permit is given. It also allows its holder to build the installations and infrastructure required for mining exploitation, use the water and forestry resources inside the mining perimeter, process, transport and market the minerals. The permit holder will be required to transfer a 5% interest in the project to the DRC State.

Scoping Study

On 21 April 2015, Regal announced the key findings of a Scoping Study to evaluate the technical and economic feasibility of developing the Kalongwe Project as a low CAPEX / OPEX, stand-alone, open pit mining operation processing high-grade Copper / Cobalt ore through a commercial HMS and Spirals plant to produce a +20% Cu concentrate and +2% Co concentrate, (Table 5) (ASX: RER, 21 April 2015).

Table 5: Key Scoping Study outcomes and assumptions.

Project Net Present Value (NPV @ 10% discount rate)*	$77.9 M
Project IRR*	81%
Payback*	13 months
Capital Cost to Initial Production	$38.9M
Operating Costs (per lb Cu payable)	$1.01 lb ($1.38 per lb with transport costs included)
Production Target Profile	1.03 Mtpa processed through HMS plant
Total Sales Revenue	$397.3M
Estimated average annual Copper production**	21,249 t (tonnes of Cu in concentrate)
LOM, strip ratio (t:t)	1.52
Timeline to initial production	12-16 months from approval of Mining Licence
Product Quality**	3.27% Cu avg. ore grade over LOM and HMS concentrate grade >20% Cu

** Base Case is stated on a post-tax basis assuming 100% project at a Copper price of $3.00/lb. All amounts are in US dollars unless otherwise stated*
*** Forecast Cobalt grades will be defined in subsequent work on the Project.*

The study was managed by DRA Pacific Pty Ltd ("DRA") in close collaboration with Orelogy Pty Ltd, with specialist input from various consultants with significant experience in project development in Africa, and in particular the DRC, (Table 6).

Table 6: Specialist involvement in the Scoping Study.

Consultant	Study Input
DRA Pacific Pty Ltd	Study Manager / Process Plant / Infrastructure / Capital & Operating Costs (exc. Mining)
Orelogy	Mining/Mining Costs
Regal Resources Pty Ltd	Exploration Drilling Program
CSA Global Pty Ltd	Mineral Resource
Mintec	Metallurgical Testwork Laboratory
Miller Metallurgical Services Pty Ltd	Metallurgical Testwork Programme Design and Interpretation
Epoch Resources Pty Ltd	Tailings Storage Facility
M&M Partners	DRC Tax advice
Harch Services Pty Ltd	Financial Model
Traxys Europe SA	Marketing

Financial Analysis

The Study has produced robust financial metrics including a post-tax, unlevered IRR of 81% and a NPV with a discount rate of 10% of USD 77.9M.

The areas of increased risk and sensitivity to the projected returns were evaluated through a sensitivity analysis using a variety of Project specific parameters. The outcome of the analysis indicated that the projected Project returns are most sensitive to fluctuations in the received Copper price.

The results from an analysis undertaken by the Company, assuming various Copper price fluctuation scenarios, indicated that even a 15% fall in the received Copper price (equivalent to USD 2.55/lb in real terms) as a worst-case scenario, would still likely deliver a post-tax NPV10 of USD 50.9M with an unlevered post tax IRR of 59%, (Table 7).

Table 7: NPV Sensitivity - Copper Price.

Copper Price Sensitivity					
Cu Price Sensitivity	-15%	-10%	0%	10%	15%
Cu Price (USD/lb)	2.55	2.70	3.00	3.30	3.45
NPV 10% Discount Rate (USDM)	**50.9**	**60.1**	**77.9**	**96.2**	**105.4**

Changes to OPEX showed high levels of sensitivity to the underlying Project financial returns. The Company also included a sensitivity analysis of post-tax NPV to changes in OPEX ranging from a fall of 15% to a rise of 15% in underlying cost, (Table 8).

Table 8: NPV Sensitivity - OPEX.

OPEX Sensitivity					
Cu Price Sensitivity	-15%	-10%	0%	10%	15%
Operating Cost (USD/lb)	1.15	1.22	1.36	1.49	1.56
NPV 10% Discount Rate (USDM)	**91.6**	**87.0**	**77.9**	**68.9**	**64.3**

Technical Aspects

The outcomes of a preliminary assessment of the preferred mining and processing design concluded during the early stages of the Scoping Study were used as key considerations for the technical and economic assessments completed during the Study. The Study assessed three (3) HMS plant size options, of varying throughput processing rates:

- Option 1: 1.0 Mtpa single module process plant,
- Option 2: 0.5 Mtpa operation increasing to a 1.0 Mtpa, and
- Option 3: 0.75 Mtpa operation increasing to 1.5 Mtpa.

GEOVIA Whittle™ ("Whittle") pit optimization studies were run for each plant size options using a common set of financial inputs. Option 1 was selected as the 'Base Case' production scenario for the Study project economic evaluation, assuming a 1 Mtpa capacity HMS plant with an average Run of Mine ("ROM") feed rate of 150 tonnes per hour (''tph'') and a maximum of 180 tph with no provision for future expansion.

This option not only generated the highest NPV but also has the lowest level of Capital Costs and the potential to deliver the most cost effective production rate, and maximise cash flow.

Mining

A conceptual mine plan, based on a Whittle optimised shell using the resource block model developed from the revised Mineral Resources estimate, was developed by Orelogy. The mining schedule used the shell generated by the initial Base Case optimisation to present a conservative estimate which is likely to improve the project economics through further mine pit and mining schedule optimisations runs.

The final pit shell used contained Measured & Indicated Mineral Resource category material only.

The mining study assumes development of the Kalongwe deposit by employing conventional truck and excavator open pit mining methods, including drill and blast, load and haul. It is anticipated that mining will be undertaken by a contract miner operating a fleet of articulated dump trucks, being loaded by excavators and will additionally include a mixed ancillary fleet to support load and haul operations.

The total material movement over the LOM is projected at 13.0 Mt including 5.2 Mt of ore for a 1.52 LOM strip ratio.

The key mining and OPEX assumptions used for the Study are based on the DRA's (study manager) recent experience with projects in the region, and are consistent with similar scale open pit mining operations in the DRC and Africa.

Mineral Processing

The design, equipment selection and costing for the Base Case HMS plant were based on the results of the preliminary metallurgical test work completed after the conclusion of the Phase I drilling campaign.

The HMS plant design is well recognized and considered conventional by the mining industry. The study manager has recent particular experience and expertise in the construction, installation and operation of HMS plants to process Copper oxide ores for projects in the Congolese Copperbelt, with similar geology and mineralogy to Kalongwe. This experience includes the HMS plant at the Kipoi Copper Project for Tiger Resources Ltd.

The mineral process flowsheet is illustrated in Figure 7.

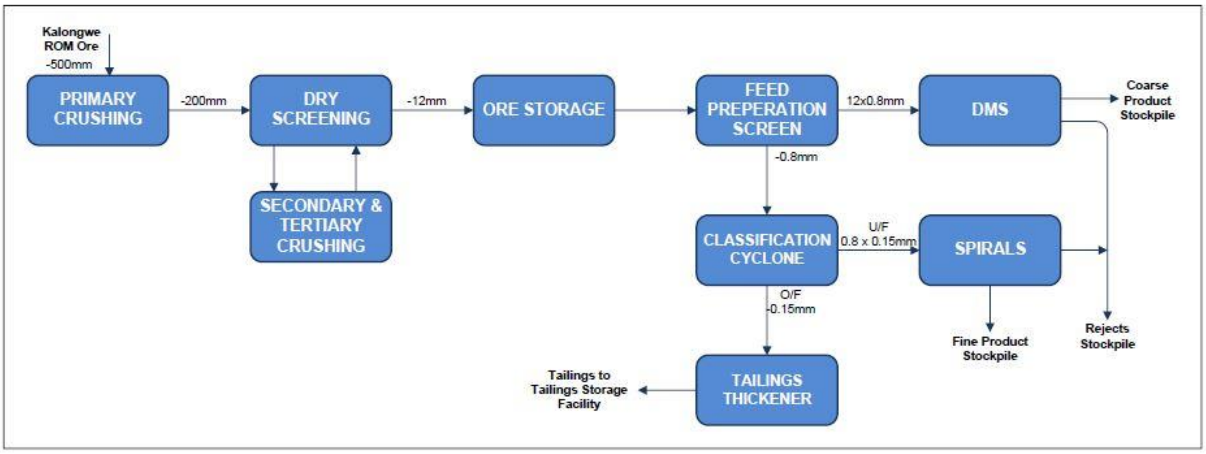


Figure 7: HMS plant process flow sheet for the Kalongwe Project.

Over the life of the Stage 1 mine, an estimated 2,470,000 t of HMS plant reject material with a projected average grade of 1.35% Cu will be produced. Through a heap leach process, any remnants of Cu contained in the reject material can be recovered representing a significant opportunity to further improve the economic value of the Project.

Infrastructure

There are no existing services currently available on the project site to support the proposed development of the Stage 1- HMS processing option for the Kalongwe Project. Consequently the development of the project will require investment in a number of areas: an onsite power plant, road upgrades, camp / accommodation and water supply, (Figure 8).

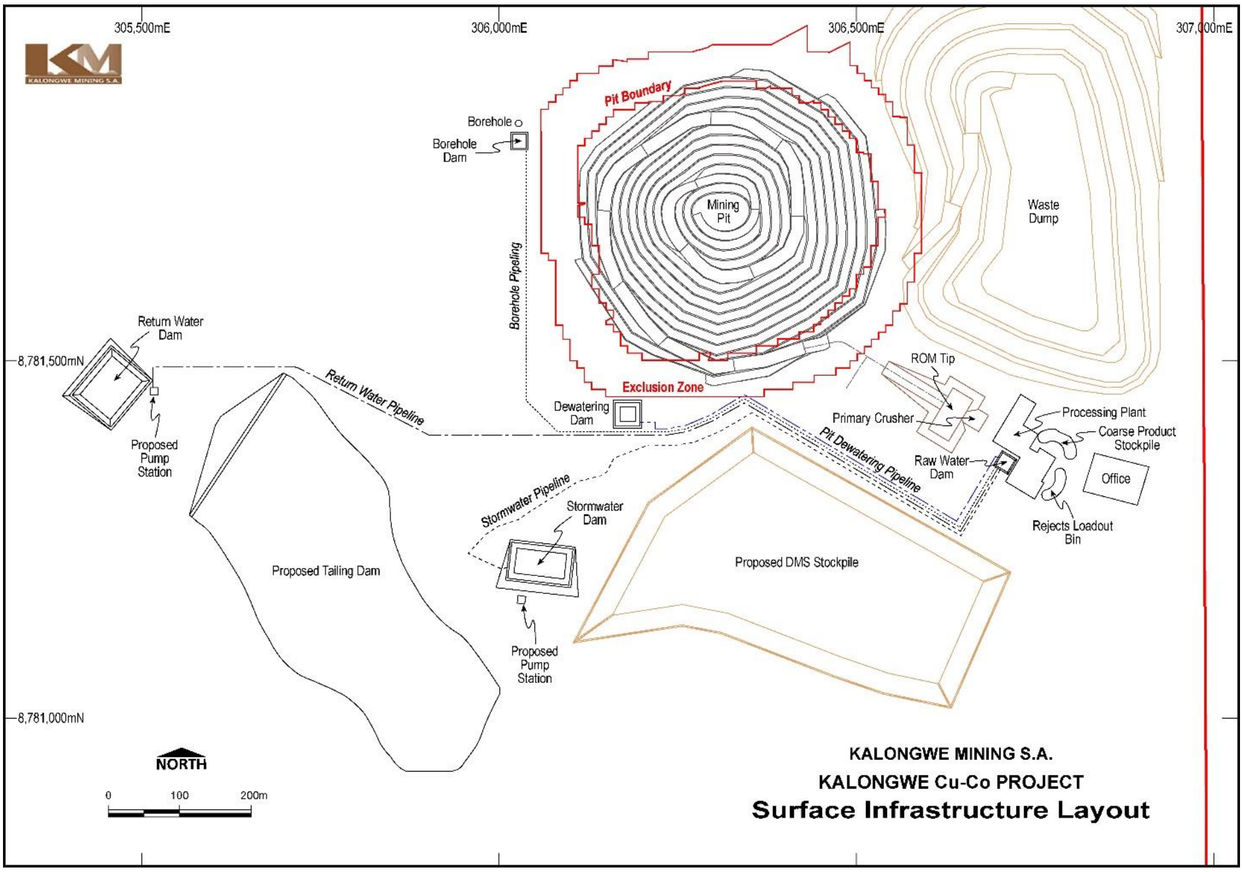


Figure 8: Shows the plant and site layout including the plant, plant services, infrastructure and mine layout.

Access roads - Provision will need to be made for the upgrade of the access road from Kolwezi to the mine site to accommodate increased mine related road traffic.

Power - The total installed power requirement for the 1 Mtpa HMS plant is estimated to be 1,503 kilowatts (''kW''). Power will be provided to the plant and other infrastructure by an onsite power plant ("OPP"). The OPP will consist of three (3) diesel 800 kW generators and diesel fuel storage facilities.

Tailings Storage Facility (''TSF'') – A conceptual TSF study has advised that the topography around the Project Area is well suited for the construction of a cross valley type impoundment TSF.

Capital Costs

The capital development cost estimate for the Base Case project option is shown in (Table 9). The costs are presented to an accuracy of ±35% for the processing plant and general infrastructure, and an accuracy of ±50% for the TSF.

Table 9: Process plant capital cost estimate.

Area	USDM
Process Plant and Plant infrastructure	20.3
Tailings Storage Facility	3.5
General Infrastructure	3.8
Contractor Mobilisation and Mining Preproduction	4.0
Mobile Equipment	1.6
Owner's Costs	3.0
Statutory Costs	2.7
Total	**38.9**

** Note: Cost estimates have been rounded.*

Operating Costs

The operating cost estimate for the Base Case project option is shown in (Table 10).

Table 10: Project operating cost estimate.

Cost Area	USD/t Ore	USD/lb Cu Sold
Mining	10.16	0.40
Processing	9.23	0.36
General and Administration	4.06	0.16
Total Mine Site Cash Costs	**23.45**	**0.91**
Transport	9.42	0.37
Royalties	1.33	0.05
Statutory Costs	1.16	0.05
Total Cash Cost	**35.37**	**1.38**

** Note: Cost estimates have been rounded.*

Scoping Study Conclusions

The outcomes of the Study are considered highly encouraging confirming the technical and economic viability of developing the Kalongwe Project, employing conventional mining and processing methods common for these types of Copper deposits in the Katangan Copperbelt (DRC). The study further supports the development of an HMS Stage 1 starter project that has potential to generate strong positive cash flows that could support future growth and development of Regal.

A range of opportunities and alternatives to further optimise the Kalongwe Project and improve the economics have been identified and these will be assessed in near future scheduled work programme which 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.

Earlier metallurgical testwork results indicated that a high proportion of Copper contained within gravity concentrates produced from samples of oxide ore is acid leachable. Further testwork is being considered to assess the heap leach potential of the HMS reject material.

A specific metallurgical testwork programme will also be conducted to determine a cost effective process design to produce a high grade Cobalt concentrate. Sale of such a product would be expected to result in a further significant improvement in the NPV of the Project.

Regional Exploration

Within the area covered by PR 12196, a number of fragments of Lower Roan Mine Series rocks exist, up to 700 m in length, within the core of a southwest trending anticlinal structure which have been identified from a historic first pass geochemical survey undertaken by Ivanhoe. A review of the Ivanhoe soil sampling data completed by Regal indicated a good correlation between strongly anomalous Copper-in-soil and Cobalt-in-soil results and the mapped location of Roan fragments situated to the west of the Kalongwe deposit, (Figure 9).

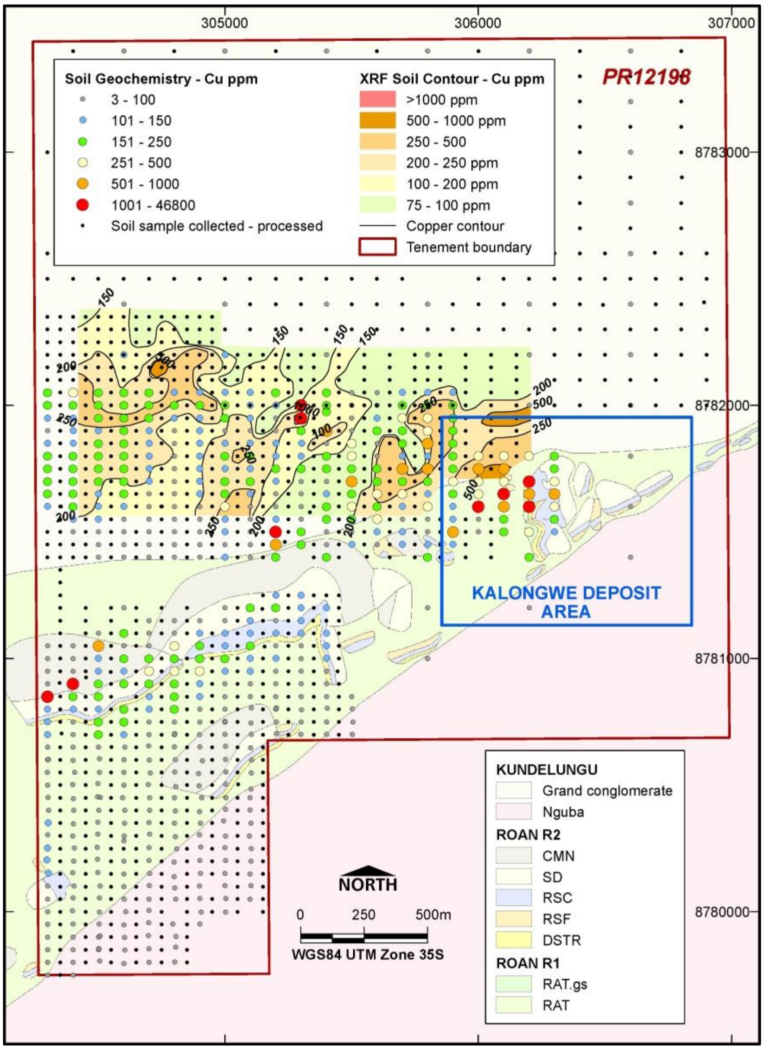


Figure 9 Infill soil sampling locations.

Following the completion of the resource drill-out a regional soil sampling programme was completed to test for potential new zones of Copper mineralisation hosted in the Grand Conglomerate Formation, Nguba Group (host to the world class Kamoa Cu deposit, located approximately 20 km north-west of Kalongwe) which have been mapped over the northern half of PR 12198.

A total of 877 soil samples with a geochemical coverage over the permit area ranging from 50 x 50m infill sampling grids up to more regional 100 x 200m grids, were collected.

Five (5) trenches were excavated for a total of 1,350 m during the 2nd quarter of 2015, (Figure 10) (ASX release: "Quarterly Report for the ended 30 June 2015", 31 July 2015) to test a broad area of anomalous Copper and Cobalt in soil anomalies underlain by the "Grand Conglomerate" rock succession.

Trench #3 and Trench #5 were sited in close proximity to very distinctive vegetation anomalies of the type in the Central African Copperbelt that are typically associated with high levels of Cobalt values in soils. The areas covered by the vegetation anomalies were investigated for bedrock exposure. A number of rock samples were collected and submitted to the laboratory for analysis, (Table 11).

A total of 406 channel samples were collected. All samples will initially be dried, crushed and undergo initial hand-held XRF analysis. Samples that report anomalous values will be submitted to the laboratory for analysis.

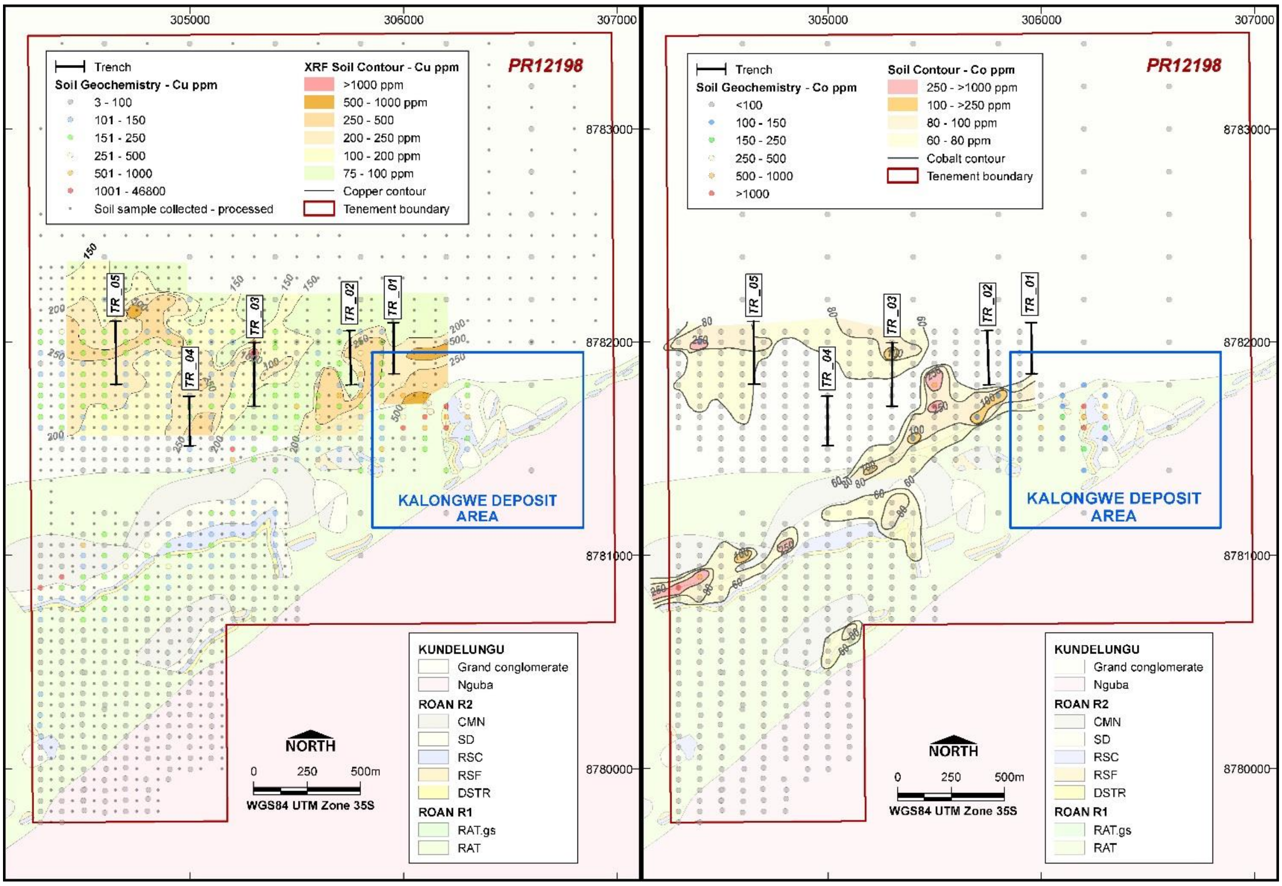


Figure 10: Soil geochemical map of PR 12198 showing the location on recent trenches completed by the Kalongwe JV and interval of anomalous Cu/Co mineralisation indicated by the hand-held Niton XRF analysis.

Table 11: Laboratory assay results of rock chip samples collected during trenching and mapping.

Prospect	Sample ID	UTM_EAST	UTM_NORTH	Sample type	Cu%	Co%	Comment
kalongwe	L7475	305325.00	8782077.00	Rock chip	0.02	0.01	Outcrop
kalongwe	L7478	305321.00	8782066.00	Rock chip	0.01	0.01	Outcrop
kalongwe	L7482	305323.00	8782094.00	Rock chip	0.02	0.01	Outcrop
kalongwe	L7483	304652.00	8782091.00	Rock chip	0.14	0.01	TR_05
kalongwe	L7488	304652.00	8782007.80	Rock chip	0.11	0.07	TR_05
kalongwe	L7489	304652.00	8782006.80	Rock chip	0.17	0.09	TR_05
kalongwe	L7490	304652.00	8782005.80	Rock chip	0.07	0.18	TR_05
kalongwe	L7491	304652.00	8782004.80	Rock chip	0.14	0.25	TR_05
kalongwe	L7492	304652.00	8781976.60	Rock chip	0.04	0.01	TR_05
kalongwe	L7493	304652.00	8781878.00	Rock chip	0.02	0.01	TR_05
kalongwe	L7495	304652.00	8781869.00	Rock chip	0.02	0.01	TR_05
kalongwe	L7499	304652.00	8781851.00	Rock chip	0.01	0.01	TR_05

3.2. Regal-Ivanhoe Joint Venture (FTBJV)

In April 2014, the Company announced it had entered into a JV Agreement with Ivanhoe Mines (TSX:IVN) ("Ivanhoe") to acquire up to a 98% interest in a package of highly prospective tenements located near the western end of the Central African Copperbelt in the Katanga Province of the DRC.

The tenement package covers an area of approximately 350 sq. km and consists of the permits PRs 688, 689, 702, and portions restricted to the geological domain of the Fold and Thrust Belt of PRs 690 and 701, (Figure 11).

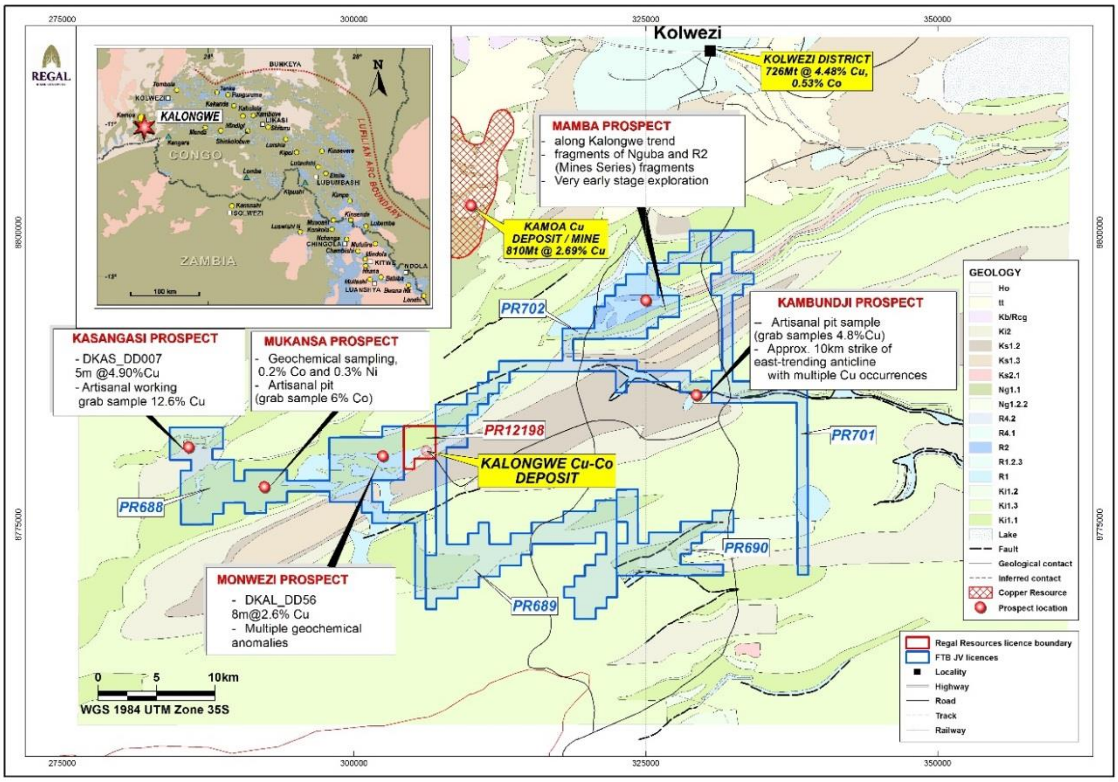


Figure 11: Location map of the FTBJV licences, significant Copper deposits and regional towns and delineated exploration targets within the FTBJV area.

Terms of Agreement

The key terms of the agreement with Ivanhoe are:

- Regal will be required to pay an Initial Signing Fee of USD 100,000,
- Regal will be required to pay a non-refundable Subsequent Signing Fee of USD 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 USD 3,000,000 expenditure by no later than 3 (three) years after the Effective Date ("First Earn-In"), and
- Regal can earn 90% by expending USD 3,000,000 expenditure by no later than 2 (two) years after 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 1 (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 30% by paying 4 (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.

While the Agreement is binding, the initial earn-in is subject to a number of conditions, including:

- The renewal of each of the Sale Permits being approved by the Government by the 12th July 2015, and
- Formalising a JV and Shareholder Agreement.

FTBJV Exploration Programme

Historical exploration by Ivanhoe, including geophysical data interpretation, geological mapping, geochemical sampling and auger, RC and diamond drilling, has identified a number of key target areas that include economic intersections of Cu mineralisation.

The Company has completed a review of the historic Ivanhoe exploration data and identified the following five (5) high-priority follow-up target areas, (Figure 11) (ASX release: 22 April 2015):

- *Kasangasi Prospect:* (~8 DD holes), 5m at 4.9% Cu, artisanal pit exploiting Cu, mineralisation in structure at Ki.1/2 contact; intersection of regional structure,
- *Mukansa Prospect:* (artisanal pit), diapir structure with multiple R2 fragments, >10 Mines Series fragments, 6% Co in rock chip sample; pitting, sampling, mapping,
- *Monwezi West Prospects:* (immediately southwest of Kalongwe), previous diamond drilling as part of Kalongwe exploration drilling, good auger and trench results; includes three (3) separate prospects, Monwezi 2, 3, 7; significant geochemical anomalies, multiple fragments of Mines Series,
- *Kambundji East Prospect*: located NE of Kalongwe property; Mines Series fragments in diapir structure; artisanal pits; high rock chip results 4.8% Cu, and
- *Mamba Prospects:* (near Kolwezi) diapir structure, large Nguba and Mines Series fragments, 2-3 km; 17 DD holes for ~4,300 m; mapping; mineralisation intersected; DMBA_007 intersected mineralisation; large area and significant scope for further testing mainly geophysical targets.

Field investigation of the Kambundji East and Monwezi Prospects commenced during Q2-2015, (Figure 12) (ASX release: "Quarterly Report for the ended 30 June 2015", 31 July 2015).

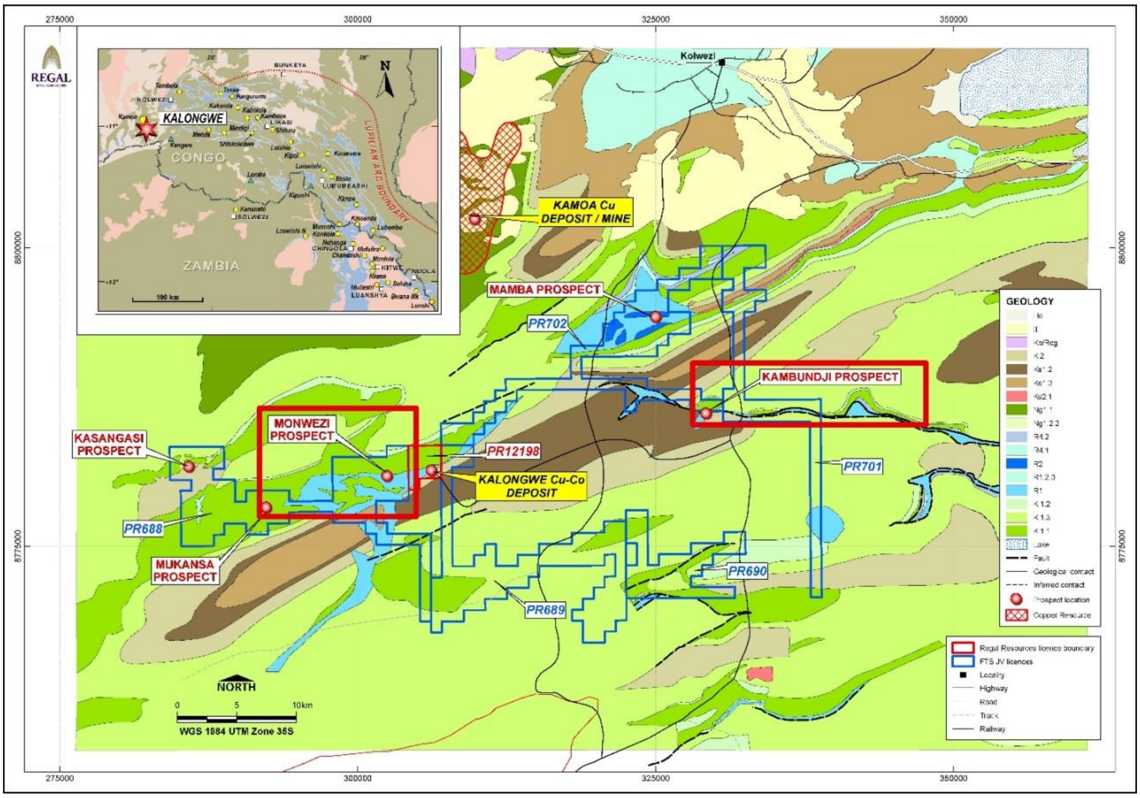


Figure 12: District-scale geological map of the FTBJV area and target areas for 2015 field season.

The *Kambundji East Prospect* is located about 45 km by road south of Kolwezi and about 25 km east of Kalongwe, (Figures 12 and 13).

It is situated near the western termination of a major east-west trending faulted fold along which several fragments of Roan (R2) sediments have been mapped. The JV project area covers about 17 km of this trend, (Figure 12).

Two fragments of mineralised R2 sediments, striking broadly east-west and dipping steeply to the south, with a combined strike length of about 200 m, were identified from various outcrop exposures seen in pits, trenches, and artisanal workings.

The mineralised units extend under a hill which has a vegetation anomaly following the fault trend, (Figures 13 and 14).

Predominantly stratabound oxide Copper mineralisation was observed in rocks exploited by artisanal miners from the Dstrat-RSF and upper RSC-SD horizons, (Figure 14).

Rock chip samples were collected from various artisanal workings situated across the prospect area, (Table 12). The rock chip samples were sent to a laboratory in Lubumbashi, DRC for analysis. Assay results for these samples ranged up to 4.95% Cu highlighting the prospectivity of the area.

The Company is planning a more extensive and detailed programme of geochemical sampling and mapping which will test a further 8 km of strike of east-west trending structure.

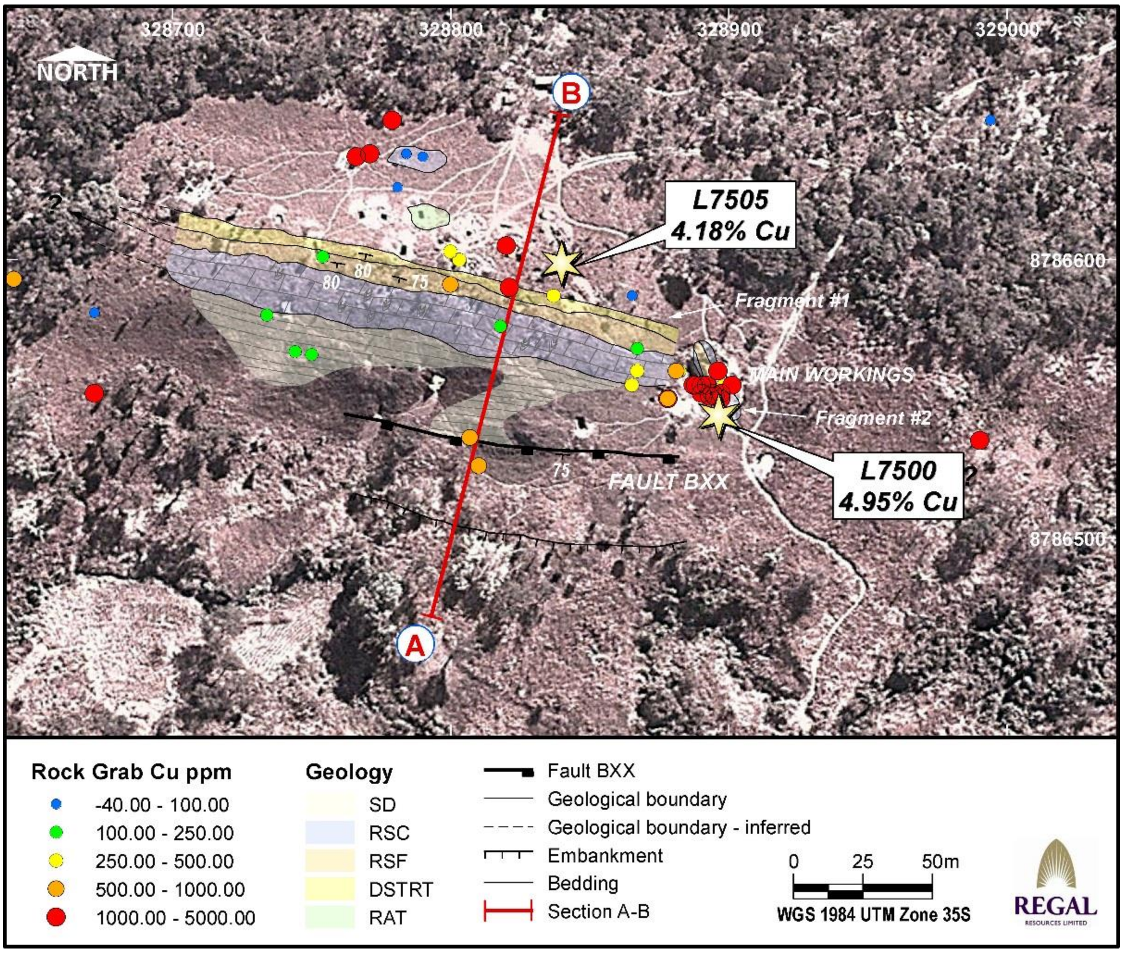
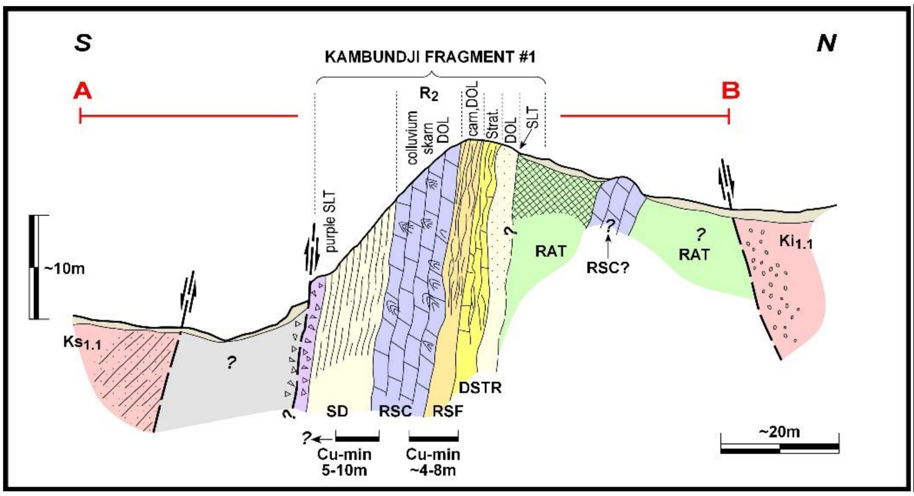


Figure 13: Kambundji Prospect area geological map with rock chip sample locations on backdrop of aerial photograph.



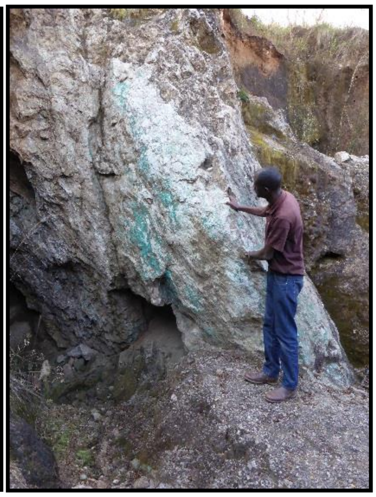


Figure 14: Kambundji geological cross section and outcrop photograph from artisanal workings and exposure of mineralised R2 rocks.

Table 12: Analytical results for rock chip samples collected from the Kambundji East Prospect. The results confirm historic reported results and identify Kambundji East as a high priority drill target.

Prospect	Sample ID	UTM_EAST	UTM_NORTH	Sample type	Cu%	Co%	Comment
Kambundji	L7500	328897.00	8786548.00	Rock chip	4.95	0.01	Workings
Kambundji	L7501	328799.00	8786551.00	Rock chip	0.15	0.01	Workings
Kambundji	L7502	328852.00	8786532.00	Rock chip	0.64	0.01	Workings
Zibwe	L7503	332583.00	8796039.00	Rock chip	0.75	0.40	Outcrop
Zibwe	L7504	332562.00	8796051.00	Rock chip	0.03	0.01	Outcrop
Kambundji	L7505	328843.00	8786616.00	Rock chip	4.18	0.03	Workings
Kambundji	L7506	328808.00	8786593.00	Rock chip	0.14	0.01	Workings
Kambundji	L7507	328750.00	8786606.00	Rock chip	0.18	0.01	Workings

The *Monwezi Prospect* borders the Kalongwe (PR 12198) tenement and covers the extension of the structures and geology that host the Kalongwe deposit, (Figure 15).

Multiple highly anomalous rock chip samples (greater that 0.1% Cu) were collected by Ivanhoe in the central part of the Monwezi Prospect, (Figure 15), from where trenching exposed multiple fragments of R2 rocks. The trench samples showed continuous soil anomalies over 10's of meters at above 250 part per million ("ppm") Cu and above 450 ppm Co.

Historic drilling by Ivanhoe reported an intersection in DKAL_056, 8 m @ 2.6% Cu in a fragment of R2 Mine Series rocks.

Regal geologists are re-logging the historic core to identify and assess the controls on mineralisation.

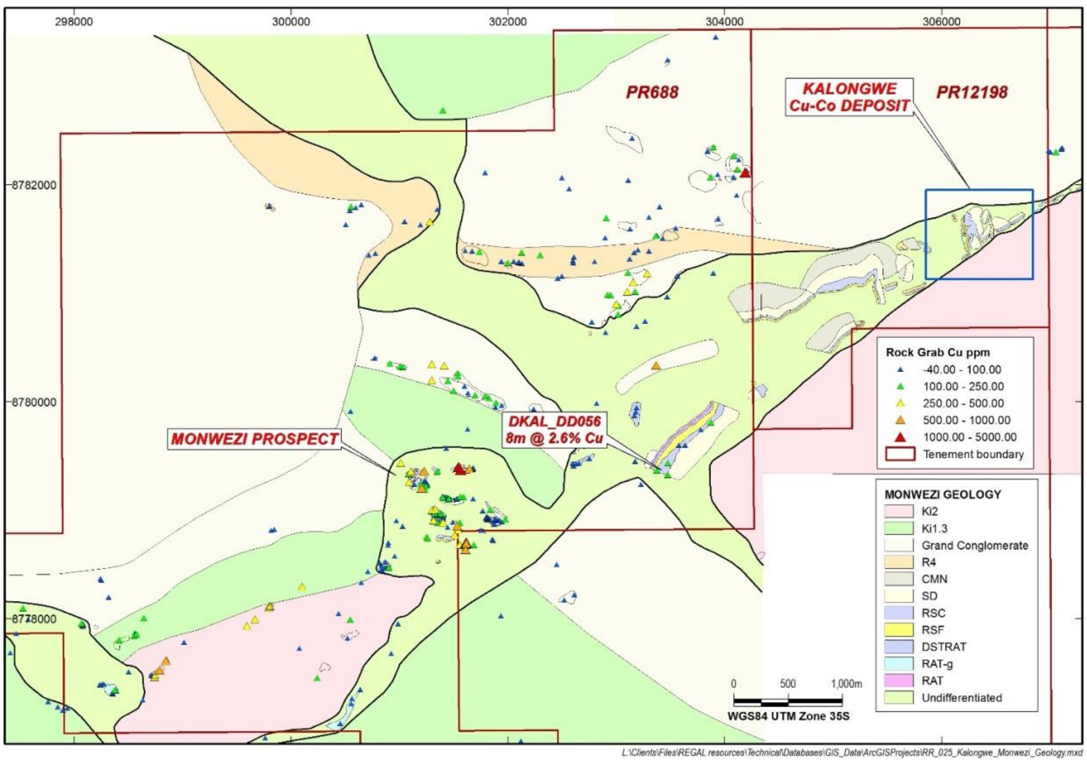


Figure 15: Geological map of the Monwezi Prospect area and locations of anomalous rock chip samples, trench locations and historic drill holes.

3.3. Regal SK South Kivu – Ngoy Project

With Regal's focus on and efforts directed to the Kalongwe Project, Regal terminated the Regal SK joint venture in December 2014 in accordance with the terms of the joint venture agreement and has had no further involvement in the management of Regal SK. Regal is in the process of transferring its shares in Regal SK to its joint venture partner, Afrimines SPRL.

3.4. Victorian Brown Coal Tenements

The two (2) year renewal period for Exploration Licences (EL) 4507 and 4510 lapsed during the second quarter of 2014. Western Victoria Energy Pty Ltd ("WVE"), a wholly-owned subsidiary of Regal, and the rightful holder of the ELs took the decision to waive its legal right to renew the licences and subsequently surrendered the tenements associated with the ELs.

During June 2015, rehabilitation works at the tenements were concluded in accordance with the conditions set out in the respective licences and to the satisfaction of the Victoria State Department of Economic Development, Job, Transport and Resources. The rehabilitation bonds for both EL 4507 and EL 4510 have been returned in full to WVE (ASX release: "Quarterly Report for the ended 30 June 2015", 31 July 2015).

The brown coal deposits associated with the tenements located west of Melbourne were targeted over a two (2) year period from 2010 to 2012 for commercialisation purposes utilising various technologies, amongst other underground-coal-to-liquid ("UCTL"), in-situ bioconversion of coal ("ISBC") and biogenic methane enhancement ("BME").

4. Corporate

4.1. 2014 Capital Raising - Sprott Inc.

In October 2014, Regal announced the signing of a commitment with an affiliate of the Toronto-based Sprott (TSX: SII). The commitment endorsed a AUD 2M fundraising via a two (2) tranche share placement of Regal ordinary shares at 5c per share ("Placement Shares") and included an accompanying one-for-one unquoted option exercisable at 8c per share for a three (3) year period ("Placement Options"), (Table 13) (ASX release: 16 October 2014). The Placement Options have a call feature (20 days trading notice) to accelerate the expiry date if Regal's share price closes above 10 cents for ten consecutive trading days, having the potential to raise a further AUD 3,2M.

Table 13: Details of share placement.

Tranche	Placement Shares	Placement Options	Total amount
Tranche 1	18,900,000	18,900,000	$945,000
Tranche 2	21,100,000	21,100,000	$1,055,000
Total	40,000,000	40,000,000	$2,000,000

The fully subscribed share placement was completed by December 2014, (ASX release: 2 December 2014).

Funds from the placement were used to advance development of the Kalongwe Project through the completion of the Phase II drilling programme, the settlement of the final acquisition payment due to GICC for Regal's 30% interest in Kalongwe Mining and to complete the Phase II Scoping Studies.

Sprott is a leading North American asset management firm with a proven track record of identifying and supporting emerging resource companies.

4.2. 2015 Capital Raising – Tembo Capital Mining Fund LP

The Company announced the signing of a Strategic Relationship and Subscription Agreement with the mining private equity fund group, Tembo during February 2015 (ASX release: 3 February 2015). Under the terms of the Agreement, Tembo has consented to a AUD 6.3M share placement in two (2) tranches.

Tranche 1 of the share placement was completed during February 2015, raising AUD 1.2M at 5c per share, (ASX release: 12 February 2015). The funds raised from the Tranche 1 share placement will ensure Regal is fully funded through to the completion of the bankable feasibility study for the Kalongwe Project and will further be used to support the Company's regional exploration programmes, business development and provide funds for general working capital purposes.

The issue of the Placement Shares and Placement Options comprising Tranche 2 is subject to receipt of shareholder approval for the purposes of item 7 of section 611 of the Corporations Act (and any other necessary shareholder approvals) and:

- There being no material adverse change affecting the Company or Kalongwe,
- Warranties given by the Company remaining true and correct in all material respects, and
- Completion of a transaction between the Company and Traxys (and/or any related bodies corporate of Traxys) under which Traxys will have subscribed for shares in the Company in consideration for a 30% ownership in Kalongwe Mining.

4.3. Tembo Convertible Loan

During May 2015, the Company advised the market it had executed a AUD 1.5M convertible loan financing agreement with Tembo, an existing significant shareholder in Regal (ASX release: 28 May 2015). Details of the Loan Agreement are:

- The Loan is unsecured,
- Term: six (6) months, with right to convert outstanding monies into Regal shares within the Term (subject to the receipt of shareholder approval),
- Interest Rate: 10% per annum, with interest expected to be accrued for payment at the end of the Term or converted into Regal shares,
- Establishment Fee: 3% expected to be payable in cash or Regal shares, and
- Subject to shareholder approval:
  - Tembo may elect to receive repayment of the loan, interest and establishment fee by the issue of fully paid ordinary shares at a conversion price of AUD 0.05 per share, and
  - Regal is to issue 30,000,000 unlisted options to Tembo exercisable at AUD 0.06 per share for a period of 5 years from issue.

The funds provided by the Loan Agreement will be used, among other things, for:

- Commencement of exploration work on permits that form part of the FTBJV agreement with Ivanhoe Mines,
- Metallurgical test work needed to support the Kalongwe DFS, and
- Working capital purposes.

4.4. Company Appointments

In January 2015, the Company appointed Mr. Ian Pamensky as Company Secretary. Mr. Pamensky replaced interim Company Secretary, Mr. Mitchell Wells. Mr. Pamensky is a qualified Chartered Accountant with nearly 20 years of experience in finance, accounting and company secretarial services to both public and private companies. He has spent a large amount of this time working within the resources sector, (ASX: RER, 21 January 2015).

In February 2015, the Company welcomed Dr. Peter Ruxton as a non-executive Director of the Company. Dr. Ruxton is co-founder of Tembo Capital Mining Fund LP, a private equity, mining fund group, which specializes in investment in

Africa and other Emerging Markets. Peter has a strong technical background having spent 35 years in the mining industry, including 15 years as an Exploration Geologist in Australasia with Billiton and Ross Mining. In 2000, he joined CDC Capital Partners, later transitioning into Actis, where he became a Partner in 2006, working in mining finance in Africa and Emerging Markets.

Dr. Ruxton has held a number of Directorships with numerous private, ASX, TSX.V, AIM, JSE, OTCBB and AMEX listed companies. He has served on the boards of two (2) DRC-focused exploration and mining companies in recent years.

Dr. Ruxton trained as a Geologist at the University of Leeds, UK where he obtained a BSc in Geological Sciences and a PhD in Economic Geology, before going on to complete his MBA at the Universities of Manchester and Bangor. He is a Professional Member of the Institute of Mining, Metallurgy and Materials (MIMM) and is a Fellow of both the Geological Society of London (FGS) and the Society of Economic Geologists (FSEG).

4.5. Company Resignations

Mr. Rohan Gillespie, Chairman of the Board and a non-executive Director of the Company, and Mr. Angus Edgar a non-executive Director of the Company, resigned on 9 June 2015.

Mr. Mark Savich, a serving non-executive Director of the Company, has been nominated to act as interim non-executive Chairman, pending the appointment of a new Chairperson.

4.6. Marketing

During the 2015 financial year various company directors attended industry specific events as strategic marketing initiatives to attract new shareholders and investors. These included:

- 3-5 September 2014: Africa Down Under (Perth, Australia),
- 1-5 December 2014: Mines & Money London (London, England),
- 6-8 February 2015: GMP Mining Jamboree (Hermanus, South Africa),
- 9-12 February 2015: Mining Indaba (Cape Town, South Africa),
- 13-14 May 2015: RIU Sydney Resources Round-up (Sydney, Australia),
- 16-17 June 2015: Australian Copper Conference (Brisbane, Australia), and
- 28-31 July 2015: Sprott-Stansberry Natural Resources Symposium (Vancouver, Canada).

4.7. General

The Company's Melbourne corporate office relocated on 1 May 2015 as part of a cost reduction program instituted by the Board of Directors.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Regal Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2015.

Directors

The following persons were directors of Regal Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Young (Managing Director and Chief Executive Officer)
Mr Mark Savich (non-executive Director / Chairman) – appointed 4 July 2014; elected Chairman (interim), 9 June 2015
Dr Simon Dorling (non-executive Director)
Dr Peter Ruxton (non-executive Director) – appointed 17 February 2015
Mr Angus Edgar (non-executive Director) – resigned 9 June 2015
Rohan Gillespie (Chairman / non-executive Director) – resigned 9 June 2015

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Identifying and acquiring interests in and value-adding to mineral exploration and mining opportunities in both Australia and overseas;
- Commercialising intellectual property for the application of an Underground Coal to Liquid process ("UCTL");
- commercialising intellectual property for the application of the in-situ bioconversion of coal to methane technology (known as ISBC technology); and
- Seeking other opportunities for the benefit of increasing shareholder returns.

Dividends

There were no dividends paid or declared during the current or previous financial year.

Review of operations

The owners of the company's share of net loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $4,473,668 (30 June 2014: $10,143,589).

Refer to the Review of Operations directly preceding this report.

Significant changes in the state of affairs

In April 2015, Regal disposed of its interest in subsidiary Regal Maniema SPRL. Other than that there were no significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The primary objective of the company is to continue to develop a successful mineral exploration and mining business. The Company focused on transitioning in the near-term to copper producer in the Democratic Republic of the Congo. Refer to the Review of Operations directly preceding this report for details on planned activities.

Environmental regulation

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The Board believes that the Company has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the Company.

Information on directors

Name:	Mr David Young
Title:	Managing Director and Chief Executive Officer
Qualifications:	MSc in Exploration and Mining Geology from Leicester University and is a member of the Australian Institute of Mining and Metallurgy.
Experience and expertise:	Mr Young was Managing Director of Tiger Resources Pty Limited, an ASX and TSX listed exploration company, where he was responsible for identifying and securing a very large early stage exploration project in the Democratic Republic of Congo (DRC), and for overseeing the development of the project into a mining operation within a five year period. Mr Young has over 30 years of extensive experience in the global resource sector and has a strong track record for significant gold/mineral discoveries in West Africa, Australia and Asia. He also has considerable board and corporate experience that includes capital raising and debt financing. His latest position was President and Chief Executive Officer of First African Gold Limited, a private equity financed exploration and development company with multi-commodity exploration projects in the DRC as well as gold projects in Ghana.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,901,333 ordinary shares
Interests in options:	10,000,000 options

Name:	Dr Simon Dorling
Title:	non-executive Director (technical)
Qualifications:	MSc in Geology from Friedrich-Wilhelm University in Bonn and PhD in Economic Geology from University of Western Australia. He is a member of the Australian Institute of Geoscientists.
Experience and expertise:	Dr Dorling is an Exploration and Structural Geologist with over 20 years industry experience. He is a Principal Consultant with CSA Global Pty Ltd and for the last 10 years has provided specialist technical support and project management to a variety of clients including Anvil Mining, Tiger Resources, Elemental Minerals and Cameco Australia. For the last six years he has focused on resources projects, mainly copper/cobalt in Africa, particularly in DRC and has been involved as a Qualified Person in compiling National Instrument 43-101 and JORC ore resource reports.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	455,000 shares
Interests in options:	3,000,000 options

Name:	Mr Mark Savich
Title:	non-executive Director *(appointed 4 July 2014)* non-executive Chairman (interim) *(appointed 9 June 2015)*
Qualifications:	Bachelor of Commerce (Double Major) from University of Western Australia. Graduate Diploma in Mineral Exploration Geoscience from Curtin University. Completed the Securities & Derivatives Industry Association Accreditation Program, Chartered Financial Analyst Program and the Institute of Chartered Accountants Program.
Experience and expertise:	Mr Savich is a Chartered Financial Analyst (CFA) with over 10 years' experience dealing with the technical and corporate aspects of resource companies, from explorers to producers. Most recently he was a Resource Analyst at Blackswan Equities for the past 5 years and is currently an Executive Director of Agrimin Limited (previously knowns as Global Resources Corporation Ltd).
Other current directorships:	Agrimin Limited
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	550,000 shares
Interests in options:	None

Name:	Dr Peter Ruxton
Title:	non-executive Director *(appointed 17 February 2015)*
Qualifications:	Bachelor of Science in Geological Sciences from University of Leeds. PhD in Economic Geology from University of Leeds. Completed MBA at the Universities of Manchester and Bangor.
Experience and expertise:	Dr Ruxton is co-founder of Tembo Capital Mining Fund LP, a private equity, mining fund group, which specialises in investment in Africa and other Emerging Markets. Dr Ruxton has a strong technical background having spent 35 years in the mining industry, including 15 years as an Exploration Geologist in Australasia with Billiton and Ross Mining. He joined CDC Capital Partners in 2000, later transitioning into Actis, where he became a partner in 2006, working in mining Finance in Africa and Emerging Markets. Dr Ruxton has held a number of directorships, and has served on the boards of two DRC focused exploration and mining companies in recent years.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None

Name:	Mr Rohan Gillespie
Title:	non-executive Chairman *(resigned 9 June 2015)*
Qualifications:	BEng (Civil) MBA
Experience and expertise:	Rohan Gillespie is Managing Director of Energy Infrastructure and Resources Limited.

	Rohan previously held senior roles with BHP Billiton in its engineering, coal and petroleum divisions and most recently as Vice President and Chief Operating Officer leading the coal bed methane business. Rohan has also been a credit executive with the Commonwealth Bank and held a corporate development role with two energy start-ups; Ceramic Fuel Cells and Renewable Energy Corp.
Other current directorships:	Red Sky Energy Ltd (appointed 18 September 2009)
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	6,955,334 ordinary shares (1) (2)
Interests in options:	700,000 options (1)

(1) Mr Gillespie ceased being a non-executive Director of the Company on 9 June 2015. Shares reported were shares held by Mr Gillespie at this date.

(2) 6,955,334 shares and 700,000 options are owned by Energy Infrastructure and Resources Ltd. The ownership of this company is held by interests associated with Mr Gillespie (42% approximate holding).

Name:	Mr Angus Edgar *(resigned 9 June 2015)*
Title:	non-executive Director, previously Managing Director until 16 August 2012
Qualifications:	N/A
Experience and expertise:	Angus Edgar has been employed in the Finance/Stockbroking industry for over 29 years with the majority of that time employed with various share broking companies. During that period he has been directly involved with providing corporate advisory services to private and Australian Securities Exchange listed companies and the listing of several new companies onto the Australian Securities Exchange.
Other current directorships:	Arunta Resources Ltd (appointed 28 May 2003) Mining Projects Group Limited (appointed 28 March 2013)
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	6,833,336 ordinary shares (1)
Interests in options:	6,000,000 options (1)

(1) Mr Edgar ceased being a non-executive Director of the Company on 9 June 2015. Shares reported were shares held by Mr Edgar at this date.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary

Ian Pamensky is a qualified Chartered Accountant. He has nearly 20 years of experience in finance, accounting and secretarial services to both public and private companies. Ian Pamensky has spent a large amount of this time working within the resources sector.

Meetings of directors

The number of meetings of the company's Board of Directors held during the year ended 30 June 2015, and the number of meetings attended by each director is detailed below.

As the whole Board only consists of four (4) members, the Company does not have an Audit Committee and Remuneration & Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. The tasks undertaken by such Committees are undertaken by the Board as a whole.

	Full Board	
	Attended	**Held**
Mr David Young	9	9
Dr Simon Dorling	9	9
Mr Mark Savich (1)	8	9
Dr Peter Ruxton (2)	3	9
Mr Rohan Gillespie	9	9
Mr Angus Edgar	8	9

(1) Mr Savich joined as a non-executive Director on 4 July 2014.

(2) Dr Ruxton joined as a non-executive Director on 17 February 2015.

Remuneration report (audited)

The remuneration policy of Regal Resources Limited has been designed to align director and executive objectives with shareholder and business objectives. The Board of Regal Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated entity, as well as create goal congruence between directors, executives and shareholders. The Board is also satisfied that the remuneration policy is compliant with all requirements of the Corporations Act 2001.

The Board manages the remuneration policy, setting the terms and conditions for directors and other senior Executives. Remuneration including fringe benefits, options and performance incentives may be paid dependent upon individual performance, company performance, contract terms and the discretion of the Board.

The remuneration report is set out under the following main headings:

A. *Principles used to determine the nature and amount of remuneration*
B. *Details of remuneration*
C. *Service agreements*
D. *Share-based compensation*

Directors and executive remuneration is detailed below in this Directors' report.

A. Principles used to determine the nature and amount of remuneration

The remuneration committee is primarily responsible for making recommendations to the board on:

- The over-arching executive remuneration framework;
- Operation of the employee share option plan, including key performance indicators and performance hurdles;
- Remuneration levels of executive directors and other key management personnel; and
- Non-executive director fees.

Their objective is to ensure remuneration policies and structures are fair and competitive and aligned with the long-term interests of the company. The Corporate Governance Statement provides further information on the role of this committee.

The board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. No independent external advice was obtained during the financial year, however is sought when required. The maximum aggregate amount of director fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting.

Fees for non-executive Directors are not linked to the performance of the consolidated entity. However to align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company and may be offered options at the discretion of the board.

The nature and amount of compensation as detailed in this report reflects the remuneration policy above. Since remuneration is fixed there is no change in remuneration as a result of consolidated entity performance during the reporting period. Due to the short history of the Company as a listed entity, there is at present no meaningful correlation between the Executive and Director remuneration and the performance of the consolidated entity.

Voting and comments made at the company's 26 November 2014 Annual General Meeting ('AGM')

The company received 100% of 'for' votes in relation to its remuneration report for the year ended 30 June 2014, excluding abstained, invalid and undirected votes. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

B. Details of remuneration

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Regal Resources Limited are set out in the following tables:

2015	Short-term benefits			Post-employment benefits		Share-based payments	
Name	**Director Fees $**	**Consulting Fees $**	**Bonus $**	**Super-annuation $**	**Long-term benefits $**	**Options $**	**Total $**
Non-executive Directors:							
Mr Rohan Gillespie (1)	80,000	-	-	-	-	-	80,000
Dr Simon Dorling	40,000	-	-	-	-	2,517	42,517
Mr Angus Edgar (2)	120,000	-	-	-	-	-	120,000
Mr Mark Savich (3)	39,677	3,000	-	-	-	-	42,677
Dr Peter Ruxton (4)	14,685	-	-	-	-	-	14,685
Executive Directors:							
Mr David Young	-	300,000	-	-	-	55,367	355,367
Other Key Management Personnel:							
Mr Adrien Wing (5)	-	36,000	-	-	-	-	36,000
Mr Ian Pamensky (6)	-	116,322	-	-	-	-	116,322
Mr Mitchell Wells (7)	-	33,333	-	-	-	-	33,333
	294,362	488,655	-	-	-	57,884	840,901

(1) *Resigned 9 June 2015.*

(2) *Resigned 9 June 2015.*

(3) *Appointed 4 July 2014.*

(4) *Appointed 17 February 2015.*

(5) *Resigned 28 November 2014.*

(6) *Appointed 21 January 2015.*

(7) *Appointed 28 November 2014, resigned 21 January 2015.*

2014	Short-term benefits			Post-employment benefits		Share-based payments	
Name	Director Fees $	Consulting Fees $	Bonus $	Super-annuation $	Long-term benefits $	Options $	Total $
Non-executive Directors:							
Mr Rohan Gillespie	24,000	-	-	2,220	-	-	26,220
Dr Simon Dorling	40,000	-	-	-	-	59,850	99,850
Mr Angus Edgar	-	180,000	-	-	-	-	180,000
Executive Directors:							
Mr David Young	-	300,000	-	-	-	-	300,000
Other Key Management Personnel:							
Mr Adrien Wing	-	72,000	-	-	-	-	72,000
	64,000	552,000	-	2,220	-	59,850	678,070

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2015	2014	2015	2014	2015	2014
Non-executive Directors:						
Mr Rohan Gillespie (1)	100%	100%	-%	- %	-%	-%
Dr Simon Dorling	100%	40%	-%	- %	-%	60%
Mr Angus Edgar (2)	100%	100%	-%	- %	-%	- %
Mr Mark Savich (3)	100%	n/a	-%	n/a	-%	n/a
Dr Peter Ruxton (4)	100%	n/a	-%	n/a	-%	n/a
Executive Directors:						
Mr David Young	100%	100%	-%	- %	-%	- %
Other Key Management Personnel:						
Mr Adrien Wing (5)	100%	100%	-%	- %	-%	- %
Mr Ian Pamensky (6)	100%	n/a	-%	n/a	-%	n/a
Mr Mitchell Wells (7)	100%	n/a	-%	n/a	-%	n/a

(1) *Resigned 9 June 2015.*

(2) *Resigned 9 June 2015.*

(3) *Appointed 4 July 2014.*

(4) *Appointed 17 February 2015.*

(5) *Resigned 28 November 2014.*

(6) *Appointed 21 January 2015.*

(7) *Appointed 28 November 2014, resigned 21 January 2015.*

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2015 $	Consolidated 2014 $
Payments of capital raising fees to Melbourne Capital Ltd (an entity related to Mr Edgar)	-	1,668
Payments of rental and administration costs to Arunta Resources Ltd (a director related entity of Mr Edgar)	66,992 (1)	78,311
Payments of rental and office support costs to Mr David Young	26,228 (2)	-
Establishment Fee owing for Convertible Loan Financing Agreement with Tembo Capital (Mr Ruxton is a Director of Tembo)	45,000 (3)	-
Interest to 30 June 2015 owing on Convertible Loan Financing Agreement with Tembo Capital (Mr Ruxton is a Director of Tembo)	11,507 (4)	-

(1) *Payment to April 2015 when head office was relocated. Regal was required to pay a share of the office rental and office related costs. Rental charges were based on the percentage of the office occupied. Arunta's lease was extended in March 2015, and Regal made the decision to relocate to smaller premises.*

(2) *Office Support Costs from January 2014 – June 2014 as per agreement - £700 per month.*

(3) *Tembo Capital Provided Regal with a Convertible Loan Financing Agreement of A$1,500,000 on 28 May 2015 (the Facility). As part of the Facility Regal is required to pay Tembo an Establishment Fee. This can be repaid in Regal ordinary shares.*

(4) *As part of the Facility Regal is required to pay Tembo interest at 10%. This can be repaid in Regal ordinary shares.*

C. Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	David Young
Title:	Managing Director and Chief Executive Officer
Agreement commenced:	16 August 2012
Term of agreement:	3 years
Details:	Under the agreement Mr Young is paid a fee of $25,000 per month. The agreement can be terminated with six months written notice.

Name:	Ian Pamensky
Title:	Company Secretary and Manager Commercial
Agreement commenced:	7 January 2015
Term of agreement:	Originally 6 months, but extended for a further 6 months
Details:	Under the agreement Mr Pamensky is paid a fee of $20,000 per month.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D. Share-based compensation
Issue of shares
No shares were issued to key management personnel as part of compensation during the year ended 30 June 2015.

Options

The terms and conditions of each grant of options, valued using the Black Scholes method, affecting remuneration of directors and other key management personnel in this financial year or the previous financial year are as follows:

Grant date	Vesting [(1)] date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
29 November 2012	29 November 2012	31 October 2017	$0.08	$0.0302
10 April 2014	10 April 2014	31 October 2017	$0.08	$0.0399

[(1)] Vesting conditions for 5,500,000 options granted to Mr D Young and 250,000 options to Dr S Dorling granted on 29 November 2012 are subject to the company acquiring a new project and obtaining funding, however in any case are to be issued within 3 years from the grant date. The vesting condition was met when Regal acquired an interest in the Kalongwe Project.

Details of 1,500,000 options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014 are set out below:

	Number of options granted during the year		Number of options vested during the year	
Name	**2015**	**2014**	**2015**	**2014**
Mr Angus Edgar	-	-	-	-
Mr David Young	-	-	-	-
Mr Rohan Gillespie	-	-	-	-
Dr Simon Dorling	-	1,500,000	-	1,500,000
Mr Mark Savich	-	-	-	-
Dr Peter Ruxton	-	-	-	-
Mr Adrien Wing	-	-	-	-
Mr Ian Pamensky	-	-	-	-
Mr Mitchell Wells	-	-	-	-

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2015	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ Other *	Balance at the end of the year
Ordinary shares					
Mr Angus Edgar (1)	6,833,336	-	-	-	6,833,336
Mr David Young	2,083,333	-	1,818,000	-	3,901,333
Dr Simon Dorling	-	-	455,000	-	455,000
Mr Rohan Gillespie (2) (3)	6,955,334	-	-	-	6,955,334
Mr Adrien Wing (4)	1	-	-	-	1
Mr Mark Savich (5)	550,000	-	-	-	550,000
Dr Peter Ruxton (6)	-	-	-	-	-
Mr Ian Pamensky (7)	-	-	-	-	-
Mr Mitchell Wells (8)	-	-	-	-	-
	16,422,004	-	2,273,000	-	18,695,004

(1) Balance at date of resignation - resigned 9 June 2015.

(2) Balance at date of resignation - resigned 9 June 2015.

(3) 6,955,334 shares are owned by Energy Infrastructure and Resources Ltd. The ownership of this company is held by interests associated with Mr Gillespie (42% approximate holding).

(4) Balance at date of resignation - resigned 28 November 2014.

(5) Balance at date of appointment - appointed 4 July 2014.

(6) Appointed 17 February 2015.

(7) Appointed 21 January 2015.

(8) Appointed 28 November 2014, resigned 21 January 2015.

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2015	Balance at the start of the year	Received as part of remuneration	Exercised	Expired/ forfeited/ Other *	Balance at the end of the year
Options over ordinary shares					
Mr Angus Edgar (1)	6,000,000	-	-	-	6,000,000
Mr David Young	10,000,000	-	-	-	10,000,000
Dr Simon Dorling	3,000,000	-	-	-	3,000,000
Mr Rohan Gillespie (2)	700,000	-	-	-	700,000
Mr Adrien Wing (4)	500,000	-	-	-	500,000
Mr Mark Savich (5)	-	-	-	-	-
Dr Peter Ruxton (6)	-	-	-	-	-
Mr Ian Pamensky (7)	-	-	-	-	-
Mr Mitchell Wells (8)	-	-	-	-	-
	20,200,000	-	-	-	20,200,000

(1) Balance at date of resignation - resigned 9 June 2015.

(2) Balance at date of resignation - resigned 9 June 2015.

(4) Balance at date of resignation - resigned 28 November 2014.

(5) Appointed 4 July 2014.

(6) Appointed 17 February 2015.

(7) Appointed 21 January 2015.

(8) Appointed 28 November 2014, resigned 21 January 2015.

This concludes the remuneration report, which has been audited.

Shares under option (unlisted)

Unissued ordinary shares of Regal Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
29 November 2012	31 October 2017	$0.08	20,500,000
10 April 2014	31 October 2017	$0.08	1,500,000
2 December 2014	2 December 2017 [1]	$0.08	21,100,000
28 October 2014	28 October 2017 [1]	$0.08	18,900,000
11 February 2015	10 February 2018	$0.08	24,000,000
			86,000,000

[1] *Unless expiry accelerated by the Company.*

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate. Options granted carry no dividend or voting rights, and can have varied contractual lives.

Shares issued on the exercise of options

There were no shares of Regal Resources Limited issued on the exercise of options during the year ended 30 June 2015.

Indemnity and insurance of officers

The company has indemnified the directors of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of BDO East Coast Partnership

There are no officers of the company who are former audit partners of BDO East Coast Partnership.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the page 40.

Auditor

BDO East Coast Partnership continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,

David Young
Managing Director

30 September 2015
Melbourne, Australia

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Australia

DECLARATION OF INDEPENDENCE BY SIMON SCALZO TO THE DIRECTORS OF REGAL RESOURCES LIMITED

As lead auditor of Regal Resources Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Regal Resources Limited and the entities it controlled during the period.

Simon Scalzo
Partner

BDO East Coast Partnership

Melbourne, 30 September 2015

General information

The financial report covers Regal Resources Limited as a consolidated entity consisting of Regal Resources Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Regal Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Regal Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Ground Floor, 11 Ventnor Avenue,
West Perth WA 6005
Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 September 2015. The directors have the power to amend and reissue the financial report.

Regal Resources Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Revenue	4	17,336	68,022
Expenses			
Employee benefits expense		(729,305)	(573,217)
Share based payments		(57,884)	(117,734)
Depreciation and amortisation expense		(51,696)	(77,844)
Consulting expense		(342,143)	(889,941)
Impairment of exploration expenditure	5	(282,623)	(13,478,423)
Impairment of available for sale financial assets	5	22,800	(186,509)
Impairment of intangible assets	5	(16,555)	(5,038)
Impairment of trade and other receivables	5	(489,269)	-
Impairment of property, plant and equipment	5	(248,973)	-
Share of net loss of associate	10	(502,255)	(179,166)
Site care and maintenance costs		(832,942)	-
Rehabilitation		(58,850)	-
Other expenses		(879,859)	(292,851)
Finance costs	5	(142,665)	(68,132)
Loss on sale of subsidiary (Maniema)		(7,352)	-
Foreign exchange loss		(404,631)	-
Compliance and regulatory costs		(36,638)	(37,373)
Occupancy expenses		(60,798)	(50,464)
Loss before income tax benefit		(5,104,302)	(15,888,670)
Income tax benefit	6	-	-
Loss after income tax benefit for the year		(5,104,302)	(15,888,670)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation		361,387	(646,652)
Net change in fair value of available-for-sale instruments		-	(13,400)
Other comprehensive income/(loss) for the year, net of tax		361,387	(660,052)
Total comprehensive loss for the year		(4,742,915)	(16,548,722)
Loss for the year is attributable to:			
Non-controlling interest		(630,634)	(5,745,081)
Owners of Regal Resources Limited		(4,473,668)	(10,143,589)
		(5,104,302)	(15,888,670)
Total comprehensive loss for the year is attributable to:			
Non-controlling interest		(463,885)	(6,045,614)
Owners of Regal Resources Limited		(4,279,030)	(10,503,108)
		(4,742,915)	(16,548,722)

Loss per share for the year attributable to the members of Regal Resources Limited	**Note**	**Cents**	**Cents**
Basic loss per share	32	(2.41)	(9.30)
Diluted loss per share	32	(2.41)	(9.30)

The financial statements should be read in conjunction with the accompanying notes.

Regal Resources Limited
Statement of Financial Position
As at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Assets			
Current assets			
Cash and cash equivalents	7	1,597,497	2,426,497
Trade and other receivables	8	87,608	326,695
Other current assets	9	23,257	39,925
Total current assets		1,708,362	2,793,117
Non-current assets			
Investments accounted for using the equity method	10	3,717,478	1,457,677
Trade and other receivables	11	-	449,030
Available-for-sale financial assets	12	93,000	70,200
Property, plant and equipment	13	-	296,383
Intangibles	14	-	12,751
Exploration and evaluation	15	131,214	9,086
Total non-current assets		3,941,692	2,295,127
Total assets		5,650,054	5,088,244
Liabilities			
Current liabilities			
Trade and other payables	16	2,226,506	1,692,550
Borrowings	17	788,267	530,842
Total current liabilities		3,014,773	2,223,392
Total liabilities		3,014,773	2,223,392
Net assets		2,635,281	2,864,852
Equity			
Issued capital	18	42,748,463	39,734,129
Convertible loan	19i	1,500,000	-
Reserves	19ii	14,151,983	13,899,460
Accumulated losses		(53,738,634)	(49,264,966)
Equity attributable to the owners of Regal Resources Limited		4,661,812	4,368,623
Non-controlling interest	20	(2,026,531)	(1,503,771)
Total equity		2,635,281	2,864,852

The financial statements should be read in conjunction with the accompanying notes.

Regal Resources Limited
Statement of Changes in Equity
For the Year Ended 30 June 2015

	Issued Capital $	Convertible Loan $	Reserves $	Accumulated Losses $	Non-controlling interest $	Total equity $
Consolidated						
Balance at 1 July 2014	39,734,129	-	13,899,460	(49,264,966)	(1,503,771)	2,864,852
Loss after income tax benefit for the year	-	-	-	(4,473,668)	(630,634)	(5,104,302)
Other comprehensive loss for the year, net of tax	-	-	194,639	-	166,748	361,387
Total comprehensive loss for the year	-	-	194,639	(4,473,668)	(463,886)	(4,742,915)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	3,014,334	-	-	-	-	3,014,334
Share-based payments	-	-	57,884	-	-	57,884
Convertible Loan Agreement	-	1,500,000	-	-	-	1,500,000
Changes in ownership interests in subsidiaries:						
Sale of Maniema	-	-	-	-	(58,874)	(58,874)
Balance at 30 June 2015	42,748,463	1,500,000	14,151,983	(53,738,634)	(2,026,531)	2,635,281

Regal Resources Limited
Statement of Changes in Equity
For the Year Ended 30 June 2015

	Issued Capital $	Convertible Loan $	Reserves $	Accumulated Losses $	Non-controlling Interest $	Total equity $
Consolidated						
Balance at 1 July 2013	36,878,695	-	11,689,470	(39,121,377)	1,405,782	10,852,570
Loss after income tax benefit for the year	-	-	-	(10,143,589)	(5,745,081)	(15,888,670)
Other comprehensive income for the year, net of tax	-	-	(359,519)	-	(300,533)	(660,052)
Total comprehensive income for the year	-	-	(359,519)	(10,143,589)	(6,045,614)	(16,548,722)
Transactions with owners in their capacity as owners:						
Contributions of entity equity, net of transaction costs	2,855,434	-	-	-	-	2,855,434
Share-based payments	-	-	117,734	-	-	117,734
Changes in ownership interests in subsidiaries:						
Dilution of 10% in ownership of controlled entity	-	-	2,451,775	-	3,136,061	5,587,836
Balance at 30 June 2014	39,734,129	-	13,899,460	(49,264,966)	(1,503,771)	2,864,852

The financial statements should be read in conjunction with the accompanying notes.

Regal Resources Limited
Statement of Cash Flows
For the Year Ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Cash flows from operating activities			
Interest received		19,293	14,784
Receipts from customers		-	1,800
Payments to suppliers and employees		(2,443,475)	(2,235,258)
Net cash used in operating activities	31	(2,424,182)	(2,218,674)
Cash flows from investing activities			
Proceeds from deposits		99,719	59,877
Payments for investment in associate		(2,762,054)	(1,636,843)
Payments for shares in listed entities		-	(19,800)
Proceeds from sale of share in listed entities		-	19,691
Payments for property, plant and equipment		-	(7,331)
Proceeds of loan to related party		-	34,109
Payments for exploration and evaluation		(458,829)	(1,227,130)
Net cash used in investing activities		(3,121,164)	(2,777,427)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		3,059,334	2,855,434
Proceeds from borrowings		1,500,000	-
Net cash from financing activities		4,559,334	2,855,434
Net (decrease) in cash and cash equivalents		(986,012)	(2,140,667)
Cash and cash equivalents at the beginning of the financial year		2,426,497	4,611,096
Foreign exchange movements		157,012	(43,932)
Cash and cash equivalents at the end of the financial year	7	1,597,497	2,426,497

Cash Restrictions:
An amount of $200,924 (2014: $885,012) included in the above balance of $1,597,497 (2014: $2,426,497) at 30 June 2015 was held by a 50% owned controlled entity, Regal SK SPRL ("Regal SK"). Under a current agreement with Afrimines SPRL, Regal's joint venture partner in Regal SK, the funds held under the control of the Regal SK JV are expected to be applied to expenditure on Regal SK projects.

In December 2014, Regal terminated the Regal SK joint venture in accordance with the terms of the joint venture agreement and has had no further involvement in the management of Regal SK. Regal is in the process of transferring its shares in Regal SK to its joint venture partner, Afrimines SPRL.

The financial statements should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The accounts were authorised for issue on 30 September 2015.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

Going Concern

The consolidated entity has incurred a net loss of $5,104,302 and had net cash outflows from operations of $2,424,182 and payments for exploration and evaluation expenditure of $458,829 for the year ended 30 June 2015.

Note 1. Significant accounting policies (continued)

In addition the consolidated entity had net current liabilities of $1,306,411 as at 30 June 2015, with no ongoing source of operating income and is dependent upon obtaining sufficient funding to meet its exploration expenditure budgets. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business at the amounts stated in the financial statements, for the following reasons:

- At 30 June 2015 the consolidated entity had cash and cash equivalents of $1,597,497; and
- Budgets prepared for the year by management show that the consolidated entity has sufficient cash to meet its budgeted expenditure providing additional funding is obtained.

As part of a two Tranche $6.3 million placement to Tembo Capital, the Company is hoping to secure the $5.1 million Tranche 2 placement. In the event that sufficient cash is not available to meet planned expenditure, the directors have the ability to raise additional capital from time to time. Any such fund raisings will be subject to factors beyond the control of the consolidated entity and its directors. When the consolidated entity requires further funding for its programs the additional funds would be raised in a manner deemed most beneficial by the directors, taking into account working capital, project results, budgets, share market conditions, capital raising opportunities and industry conditions. The directors are confident of raising additional funds and the Company is able to issue up to 60 million shares before mid-December 2015 and to issue up to 15% of the shares on issue within a 12 month period without obtaining shareholder approval. If the entity is not successful in raising additional capital, minimum work obligations arising from its interests in exploration tenements may, subject to negotiation and approval, be varied and/or satisfied by farm-out, joint venture, sale, or relinquishment or surrender of the tenement interests.

If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial report. The report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the consolidated entity be unable to continue as a going concern and meet its debts as and when they become due and payable.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Regal Resources Limited ('company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Regal Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Note 1. Significant accounting policies (continued)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial report is presented in Australian dollars, which is Regal Resources Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rate, which approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 1. Significant accounting policies (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Tax consolidation
The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Regal Resources Limited.

The current and deferred tax amounts for the tax-consolidated group are allocated among the entities in the group using a separate taxpayer approach whereby each entity in the tax-consolidated group measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing agreements
The head entity, in conjunction with other members of the tax-consolidated group, intend to enter into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements will require payments to / from the head entity equal to the current tax liability / (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable / (payable) equal in amount to the tax liability / (asset) assumed. The inter-entity receivables / (payables) will be at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade and other receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

Note 1. Significant accounting policies (continued)

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities, reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised directly in the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised directly in the available-for-sale reserve.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life as follows:

- Motor vehicle: 4 years
- Plant and equipment: 3-5 years
- Computer equipment: 2-3 years

Note 1. Significant accounting policies (continued)

Residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Recoverable amount of assets
At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment and intangible assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Research and development
Intangible assets are recorded at cost less accumulated amortisation and impairment.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Note 1. Significant accounting policies (continued)

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Exploration and evaluation assets

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the profit and loss account.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the lease term.

Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the consolidated entity are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Note 1. Significant accounting policies (continued)

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit and loss account.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.
The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

Employee benefits
Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
The consolidated entity provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The consolidated entity has one plan in place that provides these benefits. It is the Employee Share Option Plan ("ESOP") which provides benefits to all employees including directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Regal Resources Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period"), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the profit and loss account is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period

The charge to the profit and loss account for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Note 1. Significant accounting policies (continued)

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Regal Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition.

Note 1. Significant accounting policies (continued)

The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods.

For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. If applicable at 1 July 2017, the consolidated entity will adopt this standard, but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether economically recoverable minerals are proven and whether the consolidated entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that would impact the future recoverability include the level of reserves and resources, future technological changes (which would impact the cost of mining), future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if the activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalise expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

In addition, exploration and evaluation expenditure is capitalised if the activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalise expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. At this stage it the directors have not deemed it probable and as such no deferred tax balances have been recognised.

Impairment of Intangibles
The carrying value of intangibles is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the profit and loss account.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews NPBT (net profit before tax). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 4. Revenue

	Consolidated	
	2015	**2014**
	$	**$**
Other revenue		
Interest	17,291	15,941
Loans forgiven	-	52,081
Other revenue	45	-
Revenue	17,336	68,022

Note 5. Expenses

	Consolidated 2015 $	Consolidated 2014 $
Loss before income tax includes the following specific expenses:		
Impairment		
Exploration expenditure	282,623	13,478,423
Available for sale financial assets	-	186,509
Available for sale financial assets – Impairment reversal	(22,800)	-
Intangible assets	16,555	5,038
Trade and other receivables	489,269	-
Property, Plant and Equipment	248,973	-
Finance costs		
Interest and finance charges paid/payable	142,665	68,132
Superannuation expense		
Defined contribution superannuation expense	-	2,220

Note 6. Income tax benefit

	Consolidated 2015 $	Consolidated 2014 $
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(5,104,302)	(15,888,670)
Tax at the statutory tax rate of 30%	(1,531,290)	(4,766,601)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
– Tax effect of permanent differences	(49,097)	(37,737)
– Unused tax losses and temporary differences not recognised as deferred tax assets in Australia	949,759	355,925
– Unused tax losses and temporary differences not recognised as deferred tax assets from overseas	616,781	5,830,374
– Share based payments	17,365	35,320
– Share of loss of Associate	150,677	53,750
– Difference in overseas tax rates	(154,195)	(1,471,031)
Income tax benefit	-	-
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax losses - revenue	9,358,282	8,513,229
Temporary differences	2,391,986	2,693,449
Total deferred tax assets not recognised	11,750,268	11,206,678

Note 6. Income tax benefit (continued)

The above potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain. Deferred tax calculations do not include overseas subsidiaries due to the uncertainties in respect of determining these amounts.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2015	2014
	$	$
Cash at bank	1,597,497	2,426,497

Note 8. Current assets - trade and other receivables

	Consolidated	
	2015	2014
	$	$
Other receivables	-	134,591
Other deposits	54,179	153,433
Interest receivable	-	2,982
GST receivable	33,429	35,689
	87,608	326,695

No trade and other receivables are past due but not impaired.

Note 9. Current assets - other

	Consolidated	
	2015	2014
	$	$
Prepayments	23,257	39,925
	23,257	39,925

Note 10. Non-current assets – investments accounted for using the equity method

	Consolidated	
	2015	2014
	$	$
Investment in Joint Ventures - Kalongwe Mining	4,219,733	1,636,843
Less share of loss of joint venture	(502,255)	(179,166)
	3,717,478	1,457,677

Refer to Note 30 for further information on interests in joint ventures.

Note 11. Non-current assets – trade and other receivables

	Consolidated	
	2015	**2014**
	$	**$**
Loan - UCTL Pty Ltd	1,071,518	1,071,518
Less: Provision for recovery of loans	(1,071,518)	(1,071,518)
Taxes recoverable	-	437,949
Security deposits	-	11,081
	-	449,030

Note 12. Non-current assets - available-for-sale financial assets

	Consolidated	
	2015	**2014**
	$	**$**
Listed shares, at fair value	93,000	70,200

Refer to Note 22 for further information on financial instruments.

The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding expected transactions costs. An impairment reversal of $22,800 (2014: An impairment of $186,509) has been recognised in the current year.

Note 13. Non-current assets - property, plant and equipment

	Consolidated	
	2015	**2014**
	$	**$**
Plant and equipment - at cost	-	364,862
Less: Accumulated depreciation	-	(133,371)
	-	231,491
Motor vehicles - at cost	-	177,174
Less: Accumulated depreciation	-	(127,039)
	-	50,135
Computer equipment - at cost	-	30,693
Less: Accumulated depreciation	-	(28,849)
	-	1,844
Capital works in progress	-	12,913
	-	296,383

Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the financial year are set out below:

	Plant & Equipment $	Motor Vehicles $	Computer Equipment $	Capital works In progress $	Total $
Consolidated					
Balance at 1 July 2013	297,352	105,468	4,293	-	407,113
Additions	-	-	-	12,913	12,913
Depreciation expense	(65,861)	(55,333)	(2,449)	-	(123,643)
Balance at 30 June 2014	231,491	50,135	1,844	12,913	296,383
Additions	-	-	-	-	-
Depreciation expense	(30,573)	(14,993)	(1,844)	-	(47,410)
Impairment	(200,918)	(35,142)	-	(12,913)	(248,973)
Balance at 30 June 2015	-	-	-	-	-

The depreciation figure in the current financial year included $- (2014: $48,420) of depreciation that has been capitalised as part of the exploration and evaluation assets.

Note 14. Non-current assets - intangibles

	Consolidated 2015 $	Consolidated 2014 $
Software - at cost	-	59,100
Less: Accumulated amortisation	-	(46,349)
	-	12,751
UCTL Project	-	10,436,822
Less: Accumulated impairment	-	(10,436,822)
	-	-
	-	12,751

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Software $	UCTL Project $	Total $
Consolidated			
Balance at 1 July 2013	27,994	-	27,994
Amortisation expense	(10,205)	-	(10,205)
Impairment of assets	(5,038)	-	(5,038)
Balance at 30 June 2014	12,751	-	12,751
Additions	-	8,390	8,390
Amortisation expense	(4,586)		(4,586)
Impairment of assets	(8,165)	(8,390)	(16,555)
Balance at 30 June 2015	-	-	-

Note 15. Non-current assets - exploration and evaluation

	Consolidated 2015 $	Consolidated 2014 $
Exploration and evaluation expenditure	131,214	9,086

Reconciliations of the written down values are set out below:

Consolidated	Exploration & Evaluation $
Balance at 1 July 2013	12,814,681
Additions	672,828
Impairment of assets	(13,478,423)
Balance at 1 July 2014	9,086
Additions	404,751
Impairment of assets	(282,623)
Balance at 30 June 2015	131,214

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuation of the consolidated entity's rights to tenure of the interests, results of future exploration and successful development or alternatively, sale of the respective areas of interest.

In the 2014 year, the impairment charge includes a $13.2m write down on the carrying value on the South Kivu project.

Note 16. Current liabilities - trade and other payables

	Consolidated 2015 $	Consolidated 2014 $
Trade payables	119,820	164,295
Accruals and other payables	2,106,686	1,528,255
	2,226,506	1,692,550

Accruals and other payables includes a payable of $1,497,396 (US$1,150,000) (2014: $1,220,936) due to Afrimines Resources SPRL in relation to South Kivu acquisition costs which are able to be settled through the issue of shares in Regal Resources, subject to shareholder approval. Refer to Note 23 for further information on financial instruments.

Note 17. Current liabilities - borrowings

	Consolidated 2015 $	Consolidated 2014 $
Loan – Afrimines Resources SPRL (1)	788,267	530,842
	788,267	530,842

(1) The loan from Afrimines Resources SPRL includes interest capitalised and a foreign exchange adjustment to 30 June 2015.

Note 17. Current liabilities - borrowings (continued)

Refer to Note 22 for further information on financial instruments.

Note 18. Equity - issued capital

	Consolidated		Consolidated	
	2015 Shares	2014 Shares	2015 $	2014 $
Ordinary shares - fully paid	217,045,458	150,772,458	42,748,463	39,734,129

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	30 June 2013	88,401,822		36,878,695
Share placement	10 December 2013	25,916,667	3.6	933,000
Share issue – settlement of consulting fees	14 February 2014	280,000	5.0	14,000
Share issue – Mr David Young	28 April 2014	2,083,333	3.6	75,000
Share issue	30 April 2014	34,090,636	5.5	1,874,985
Shares to be issued (1)		-	5.5	125,015
Capital raising costs				(166,566)
Balance	30 June 2014	150,772,458		39,734,129
Share issue (1)	4 July 2015	2,273,000	5.5	-
Share issue	26 November 2014	18,900,000	5.0	945,000
Share issue	2 December 2014	21,100,000	5.0	1,055,000
Share issue	11 February 2015	24,000,000	5.0	1,200,000
Capital raising costs				(185,666)
Balance	30 June 2015	217,045,458		42,748,463

(1) *Funds received in June 2014 and Shares issued in July 2014.*

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The company has unlimited authorised capital with fully paid ordinary shares having no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may issue new shares.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term, as it focuses on its exploration activities in Africa.

Note 19i. Equity – Convertible Loan

	Consolidated 2015 $	Consolidated 2014 $
Convertible Loan	1,500,000	-
	1,500,000	-

** Regal has entered into a A$1.5 million convertible loan financing agreement, ("Loan Agreement") with mining private equity group, Tembo Capital Tembo who are an existing shareholder in the Company. The Loan was drawn down on 2 June 2015. Interest owing at 30 June 2015 was $11,507 (2014: $-)*

Details of the Loan Agreement are:

- *The Loan is unsecured;*
- *Term: six (6)months, with right to convert outstanding monies into Regal shares within the Term (subject to the receipt of shareholder approval);*
- *Interest Rate: 10% per annum, with interest expected to be accrued for payment at the end of the Term or converted into Regal shares;*
- *Establishment Fee of 3% expected to be payable in cash or Regal shares; and*
- *Subject to shareholder approval:*
  - *Tembo may elect to receive repayment of the loan interest and establishment fee by the issue of fully paid ordinary shares at a conversion price of A$0.05 per share; and*
  - *Regal is to issue 30,000,000 unlisted options to Tembo exercisable at A$0.06 per share for a period of 5 years from issue.*

Note 19ii. Equity - reserves

	Consolidated 2015 $	Consolidated 2014 $
Foreign currency reserve	(29,184)	(223,823)
Ownership dilution reserve	6,768,199	6,768,199
Options reserve	7,412,968	7,355,084
	14,151,983	13,899,460

	Ownership Dilution $	Foreign Currency $	Available for Sale $	Options Reserve $	Total $
Consolidated					
Balance at 1 July 2013	4,316,424	122,296	13,400	7,237,350	11,689,470
Share based payments	-	-	-	117,734	117,734
Foreign currency translation	-	(346,119)	-	-	(346,119)
Revaluation of available for sale assets	-	-	(13,400)	-	(13,400)
Ownership dilution	2,451,775	-	-	-	2,451,775
Balance at 30 June 2014	6,768,199	(223,823)	-	7,355,084	13,899,460
Share based payments	-	-	-	57,884	57,884
Foreign currency translation	-	194,639	-	-	194,639
Net change in fair value	-	-	-	-	-
Ownership dilution	-	-	-	-	-
Balance at 30 June 2015	6,768,199	(29,184)	-	7,412,968	14,151,983

*** At 30 June 2015, the company had 86,000,000 unlisted options on issue (2014: 22,000,000). There were 64,000,000 unlisted options issued during the year (2014: 1,500,000 unlisted options issued during the year in relation to share based payments).*

Note 19ii. Equity - reserves

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Options reserve
The options premium reserve represent amounts for the future right to acquire shares at a pre-determined price. The reserve is also used to recognise share based payments.

Ownership dilution reserve
This reserve is used to record differences arising as a result of transactions with non-controlling interests that do not result in a loss of control.

Note 20. Equity - non-controlling interest

	Consolidated	
	2015	2014
	$	$
Contributed equity	5,585,687	5,644,562
Foreign currency reserve	(29,184)	(195,934)
Accumulated losses	(7,583,034)	(6,952,399)
	(2,026,531)	(1,503,771)

Note 21. Equity - dividends

There were no dividends paid or declared during the current or previous financial year.

Note 22. Financial instruments

Financial risk management objectives
The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits and other financial assets. The consolidated entity manages its exposure to key financial risks in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets while protecting future financial security.

The main risks arising from the consolidated entity's financial instruments are market risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk; liquidity risk is monitored through the development of future rolling cash flow forecasts. The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Market risk
Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and are exposed to foreign currency risk through foreign exchange rate fluctuations, particularly in relation to its exploration operation in the Democratic Republic of Congo. These transactions are denominated in US dollars.

Note 22. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured, monitored and managed using sensitivity analysis and cash flow forecasting. The consolidated entity does not enter into any hedging contracts.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

	Assets		Liabilities	
	2015	2014	2015	2014
	$	$	$	$
Consolidated				
US dollars	201,360	1,042,826	2,285,663	1,947,505

Refer below for sensitivity analysis in relation to the consolidated entity's expose to foreign exchange risk:

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Consolidated - 2015						
US dollars	10%	208,430	208,430	10%	(208,430)	(208,430)
Consolidated - 2014						
US dollars	10%	90,468	90,468	10%	(90,468)	(90,468)

Interest rate risk
The consolidated entity's exposure to risks of changes in market interest rates relates primarily to the consolidated entity's cash balances. The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates.

As at the reporting date, the consolidated entity had the following variable rate cash holdings:

	2015 Balance	2014 Balance
	$	$
Consolidated		
Cash and cash equivalents	1,597,497	2,426,497

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2015						
Cash and cash equivalents	100	15,975	15,975	100	(15,975)	(15,975)
Consolidated - 2014						
Cash and cash equivalents	100	24,265	24,265	100	(24,265)	(24,265)

The sensitivity analysis above has been determined based on the exposure to interest rates for the consolidated entity's cash holdings.

Note 22. Financial instruments (continued)

Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the Statement of Financial Position represents the consolidated entity's maximum exposure to credit risk in relation to those assets.

The consolidated entity trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the consolidated entity's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the consolidated entity does not have a significant exposure to bad debts. At 30 June 2015, there are no significant trade receivables and amounts predominantly relate to deposits or tax refunds due from the government.

There are no significant concentrations of credit risk within the consolidated entity.

Liquidity risk

Borrowings and trade payables mainly originate from expenses and the purchase of assets for ongoing operations such as property, plant, equipment, intangible asset development and exploration. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the consolidated entity monitors its expected settlement of financial assets and liabilities on an ongoing basis. There are no significant payables that are outstanding past their due date.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2015	**1 year or less**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Remaining contractual maturities**
	$	**$**	**$**	**$**	**$**
Non-derivatives					
Non-interest bearing					
Trade payables	119,820	-	-	-	119,820
Other payables	2,106,686	-	-	-	2,106,686
Interest bearing					
Other loans	788,267	-	-	-	788,267
Total non-derivatives	3,014,773	-	-	-	3,014,773

Consolidated - 2014	**1 year or less**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Remaining contractual maturities**
	$	**$**	**$**	**$**	**$**
Non-derivatives					
Non-interest bearing					
Trade payables	164,295	-	-	-	164,295
Other payables	1,528,255	-	-	-	1,528,255
Interest bearing					
Other loans	530,842	-	-	-	530,842
Total non-derivatives	2,223,392	-	-	-	2,223,392

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 22. Financial instruments (continued)

Fair value of financial instruments

The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices), and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Consolidated - 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets	93,000	-	-	93,000
Total assets	93,000	-	-	93,000

Consolidated - 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Available-for-sale financial assets	70,200	-	-	70,200
Total assets	70,200	-	-	70,200

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 23. Key management personnel disclosures

Directors

The following persons were directors of Regal Resources Limited during the past two financial years:

Mr David Young - Managing Director	- Appointed 16 August 2012
Dr Simon Dorling – non-executive Director	- Appointed 16 August 2012
Mr Mark Savich – non-executive Director/Chairman	- Appointed 4 July 2014
Dr Peter Ruxton – non-executive Director	- Appointed 17 February 2015
Mr Rohan Gillespie - non-executive Director/Chairman	- Resigned 9 June 2015
Mr Angus Edgar – non-executive Director	- Resigned 9 June 2015

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the past two financial years:

Mr Adrien Wing - Company Secretary	- Resigned 28 November 2014
Mr Mitchell Wells – Company Secretary	- Appointed 28 November 2014, resigned 21 January 2015
Mr Ian Pamensky – Company Secretary	- Appointed 21 January 2015

Note 23. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2015	2014
	$	$
Short-term employee benefits	783,017	616,000
Post-employment benefits	-	2,220
Share-based payments	57,884	59,850
	840,901	678,070

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for audit services:

	Consolidated	
	2015	2014
	$	$
Audit services - BDO East Coast Partnership:		
Audit or review of the financial statements	60,430	61,400
Audit services – Ernst and Young - DRC:		
Audit or review of the financial statements of the Kalongwe Joint Venture - DRC	17,673	-
	78,103	61,400

Note 25. Contingent liabilities

(a) Royalties
Gold
Not applicable

Petroleum
Not applicable

(b) Native Title Claims
Legislative development and judicial decisions (in particular the uncertainty created in the area of Aboriginal land rights by the High Court decision in the "Mabo" and "Wik" cases and Native Title legislation) may have an adverse impact on the consolidated entity's ability to fund activities. It is impossible at the time to quantify the impact (if any) that these developments may have on the consolidated entity's operations.

(c) Bank Guarantees
Bank guarantees are in place as at 30 June 2015 amounting to $28,000 (2014: $20,000).

Note 26. Commitments

	Consolidated	
	2015	**2014**
	$	**$**
Exploration Expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
- Within one year	-	-
- One to five years	-	-
	-	-

Regal Resources Limited has a 50% (2014: 50%) interest in a Joint Venture with Afrimines Resources SPRL (Afrimines) holding title to 14 exploration permits in the Kibara Mobile Belt in the eastern Democratic Republic of Congo (DRC).

In December 2014, Regal terminated the Regal SK joint venture in accordance with the terms of the joint venture agreement and has had no further involvement in the management of Regal SK. Regal is in the process of transferring its shares in Regal SK to its joint venture partner, Afrimines SPRL.

If the consolidated entity decides to relinquish certain leases and/or does not meet its obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sale, transfer and/or farm-out of explorations rights to third parties will reduce or extinguish these obligations.

Note 27. Related party transactions

Parent entity
Regal Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in Note 30.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2015	**2014**
	$	**$**
Payments of capital raising fees to Melbourne Capital Ltd (an entity related to A Edgar)	-	1,668
Payments of rental and administration costs to Arunta Resources Ltd (a director related entity of A Edgar)	66,992 (1)	78,311
Payments of rental and office support costs to Mr David Young	26,228 (2)	-
Establishment Fee owing for Convertible Loan Financing Agreement with Tembo Capital (Mr Ruxton is a Director of Tembo)	45,000 (3)	-
Interest to 30 June 2015 owing on Convertible Loan Financing Agreement with Tembo Capital (Mr Ruxton is a Director of Tembo)	11,507 (4)	-

Note 27. Related party transactions (continued)

Receivable from and payable to related parties

	Consolidated	
	2015	**2014**
	$	**$**
Amounts payable to Tembo Capital	56,507 [(3)(4)]	-
Amounts payable to Arunta Resources Ltd	-	27,039
Loans to/from related parties		
Loan to a 50% owned associated entity, UCTL Pty Ltd	-	1,071,518

[(1)] Payment to April 2015 when head office was relocated.

[(2)] Office Support Costs from January 2014 – June 2014 as per agreement. £700 per month.

[(3)] Tembo Capital Provided Regal with a Convertible Loan Financing Agreement of A$1,500,000 on 28 May 2015 (the Facility). This was drawn down on 2 June 2015. As part of the Facility Regal is required to pay Tembo an Establishment Fee. This can be repaid in Regal ordinary shares.

[(4)] As part of the Facility Regal is required to pay Tembo interest at 10%. This can be repaid in Regal ordinary shares.

Note 28. Parent entity information

	2015	**2014**
	$	**$**
Current assets	1,477,678	1,713,726
Total assets	5,344,215	4,370,260
Current liabilities	1,920,667	1,505,409
Total liabilities	2,708,934	1,505,409
Equity:		
Issued capital	42,748,460	39,734,129
Convertible loan	1,500,000	-
Reserves	7,412,967	7,355,080
Accumulated losses	(49,026,146)	(44,224,357)
Total equity	2,635,281	2,864,852
Loss after income tax	(4,801,790)	(7,353,427)
Total comprehensive loss	(4,801,790)	(7,353,427)

The parent entity has $8,000 bank guarantees, but no other commitments at balance date.

Note 29. Subsidiaries

		Equity holding	
		2015	**2014**
Name of entity	**Country of incorporation**	%	%
Western Victoria Energy Pty Ltd	Australia	100	100
Magma Oil Pty Ltd	Australia	100	100
MOL Gippsland Pty Ltd	Australia	-	100
Enhanced Biogenic Methane Pty Ltd	Australia	100	100
Euro Energy Pty Ltd (1)	Australia	-	70
Regal SK SPRL (2)	Democratic Republic of Congo	50	50
Regal Maniema SPRL	Democratic Republic of Congo	-	70

(1) *Deregistered 12 November 2014.*

(2) *In December 2014, Regal terminated the Regal SK joint venture in accordance with the terms of the joint venture agreement and has had no further involvement in the management of Regal SK. Regal is in the process of transferring its shares in Regal SK to its joint venture partner, Afrimines SPRL..*

Note 29. Subsidiaries (continued)

Summarised financial information
Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	Regal SK SPRL	
	2015	**2014**
	$	**$**
Summarised statement of financial position		
Current assets	200,924	1,038,618
Non-current assets	-	1,533,067
Total assets	200,924	2,571,685
Current liabilities	270,803	712,452
Non-current liabilities	4,334,489	4,116,617
Total liabilities	4,605,292	4,829,069
Net assets	(4,404,368)	(2,257,384)
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	-
Expenses	1,336,633	11,523,277
Loss before income tax	(1,336,633)	(11,523,277)
Income tax expense	-	-
Loss after income tax	(1,336,633)	(11,523,277)
Other comprehensive income	166,749	(300,533)
Total comprehensive loss	(1,169,884)	(11,823,810)
Statement of cash flows		
Net cash used in operating activities	(384,438)	(940,547)
Net cash used in investing activities	-	(1,225,406)
Net cash (used in)/from financing activities	(299,649)	(1,132,057)
Net increase/(decrease) in cash and cash equivalents	(684,087)	(3,298,010)
Other financial information		
Loss attributable to non-controlling interests	(630,391)	(5,742,502)
Accumulated non-controlling interests at the end of reporting period	(2,300,351)	(1,384,921)

Note 30. Interests in joint ventures

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to joint ventures that are material to the consolidated entity are set out below:

		Ownership interest	
	Principal place of business /	**2015**	**2014**
Name	**Country of incorporation**	**%**	**%**
Kalongwe Mining S.A.	Democratic Republic of Congo	30.00%	30.00%

Note 30. Interests in joint ventures (continued)

Summarised financial information

	Kalongwe Mining S.A.	
	2015	**2014**
	$	**$**
Summarised statement of financial position		
Cash and cash equivalents	263,780	7,107
Other current assets	440,927	105,806
Non-current assets	3,729,769	1,354,981
Total assets	4,434,476	1,467,894
Current financial liabilities (excluding trade and other payables and provisions)	12,408	16,587
Other current liabilities	220,112	192,324
Non-current financial liabilities (excluding trade and other payables and provisions)	6,509,559	1,626,558
Total liabilities	6,742,079	1,835,469
Net assets	(2,307,603)	(367,575)
Summarised statement of profit or loss and other comprehensive income		
Revenue		-
Depreciation and amortisation expense	(56,020)	(2,800)
Employee and administration expenses	(1,618,163)	(594,421)
Loss before income tax	(1,674,183)	(597,221)
Income tax expense		-
Loss after income tax	(1,674,183)	(597,221)
Other comprehensive income	-	-
Total comprehensive loss	(1,674,183)	(597,221)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	1,457,677	-
Investment in associated entity	2,762,056	1,636,843
Share of loss after income tax	(502,255)	(179,166)
Closing carrying amount	3,717,478	1,457,677

Contingent liabilities
There are no contingent liabilities as at 30 June 2015.

Commitment
Under the agreement with the vendor, the final tranche of US$500,000 (A$788,267) (2014: A$530,842) is due to be paid in the current financial year to complete payment for Regal's 30% interest in the Kalongwe Project (PR12198).

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2015	**2014**
	$	**$**
Loss after income tax benefit for the year	(5,104,302)	(15,888,670)
Adjustments for:		
Depreciation and amortisation	51,697	77,844
Share based payments	57,883	117,734
Interest accrued	142,665	68,132
Loss on sale of assets	-	2,000
Impairment of exploration	282,623	13,478,423
Loss on foreign exchange	404,630	-
Loss on sale of subsidiary	7,352	-
Impairment of available for sale assets	-	186,509
Reversal of impairment of available for sale assets	(22,800)	-
Impairment of intangible assets	16,555	5,038
Impairment of trade and other receivables	489,269	-
Impairment of property, plant and equipment	248,973	-
Share of net loss of associate	502,255	179,166
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,217	36,236
Decrease/(increase) in other current assets	17,227	9,173
Increase/(decrease) in trade and other payables	477,573	(490,259)
	(2,424,182)	(2,218,674)

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Non-cash investing and financing activities:
There were no non-cash investing and financing activities during the year.

Note 32. Earnings per share

	Consolidated	
	2015	**2014**
	$	**$**
Loss after income tax	(5,104,302)	(15,888,670)
Non-controlling interest	630,634	5,745,081
Loss after income tax attributable to the owners of Regal Resources Limited	(4,473,668)	(10,143,589)

Note 32. Earnings per share

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	185,666,228	109,064,697
Weighted average number of ordinary shares used in calculating diluted earnings per share	185,666,228	109,064,697
	Cents	**Cents**
Basic loss per share	(2.41)	(9.30)
Diluted loss per share	(2.41)	(9.30)

The options outstanding are not included in the calculation of diluted earnings per share because they are not dilutive for the years ended 30 June 2015 and 30 June 2014. The total number of options outstanding at 30 June 2015 was 86,000,000 (2014: 22,000,000)

Note 33. Share-based payments

Employee Share Option Plan

The Company has an Employee Incentive Option plan for employees of the consolidated entity. In accordance with the provisions of the scheme, as approved by shareholders in general meeting, the employees may be entitled to participate in the scheme at the sole discretion of the Directors.

Each option under the scheme converts into one ordinary share in the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option and the options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is at the sole discretion of the Directors subject to the total number of outstanding options being issued under the scheme at any one time not exceeding 5% of the Company's issued share capital.

The options may be for varying periods but expire immediately on dismissal, resignation or termination of the employee unless the Directors resolve otherwise.

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/11/2012	31/10/2017	$0.08	20,500,000	-	-	-	20,500,000
10/04/2014	31/10/2017	$0.08	1,500,000	-	-	-	1,500,000
			22,000,000	-	-	-	22,000,000

The weighted average exercise price of the above options is $0.08 (8 cents).

Note 33. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry	2015 Number	2014 Number
29/11/2012	31/10/2017	14,750,000	14,750,000
10/04/2014	31/10/2017	1,500,000	1,500,000
Total exercisable		16,250,00	16,250,000

Options granted carry no dividend or voting rights, and can have varied contractual lives.

For the options granted during the financial year, the Black-Scholes valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/04/14	31/10/17	$0.063	$0.08	100.00%	0.00%	3.12%	$0.0399

The total value of these options at the date of issue was $59,850.

Vesting conditions for 5,500,000 options granted to Mr D Young and 250,000 options to Dr S Dorling granted on 29 November 2012 are subject to the company acquiring a new project and obtaining funding, however in any case are to be issued within 3 years from the grant date. The vesting condition was met when Regal acquired an interest in the Kalongwe Project.

Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- The attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors,

D Young
Managing Director
30 September 2015
Melbourne, Australia

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INDEPENDENT AUDITOR'S REPORT

To the members of Regal Resources Limited and controlled entities

Report on the Financial Report

We have audited the accompanying financial report of Regal Resources Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Regal Resources Limited and controlled entities, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Regal Resources Limited and controlled entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of sufficient funding to meet its exploration budgets. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 38 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Regal Resources Limited and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Simon Scalzo
Partner

Melbourne, 30 September 2015

APPROACH TO CORPORATE GOVERNANCE

A. FRAMEWORK AND APPROACH TO CORPORATE GOVERNANCE AND RESPONSIBILITY

The Board of Regal Resources Limited ("the Company") is committed to maintaining the highest standards of corporate governance.

Corporate governance is about having a set of values that underpin the company's everyday activities - values that ensure fair dealing, transparency of actions, and protect the interests of stakeholders. The Board considers corporate governance forms part of a broader framework of corporate responsibility and regulatory oversight.

In pursuing its commitment to best practice governance standards, the Board will continue to:
- review and improve its governance practices; and
- monitor global developments in best practice corporate governance.

The Board is guided by the principles and practices that are in our stakeholders' best interests while ensuring full compliance with legal requirements.

B. COMPLIANCE WITH THE ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have followed the ASX Corporate Governance Principles and Recommendations (3rd Edition) in the reporting period.

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement will be available for review on the Company's website (www.regalresources.com.au) and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant disclosures can be found.

The Company's corporate governance policies and charters are available at the Company's website www.regalresources.com.au.

Listed companies must identify the recommendations that have not been followed and provide reasons for the company's decision.

This Corporate Governance Statement describes Regal Resources Limited's governance practices and notes where they do not comply with the ASX Corporate Governance Principles and Recommendations.

DATE OF THIS STATEMENT

This statement reflects our corporate governance policies and procedures as at 30 September 2015.

The shareholder information set out below was applicable as at 16 September 2015.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	242
1,001 to 5,000	334
5,001 to 10,000	164
10,001 to 100,000	354
100,001 and over	159
	1,253

Holding less than a marketable parcel	847

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Merril Lynch (Australia) Nominees Pty Ltd	36,745,001	16.930
Ndovu Capital VI B.V.	24,000,000	11.058
JP Morgan Nominees Australia Limited	23,808,568	10.969
UBS Nominees Pty Ltd	15,062,334	6.940
HSBC Custody Nominees (Australia) Limited	7,175,000	3.306
Serec Pty Ltd	4,933,334	2.273
Hillboi Nominees Pty Ltd	4,000,000	1.843
Energy Infrastructure & Resources Pty Ltd	3,940,071	1.815
David Jonathan Young	3,901,333	1.797
McNeil Nominees Pty Limited	3,618,408	1.667
Palazzo Corporation Pty Ltd	3,500,000	1.613
Goldfire Enterprises Pty Ltd	3,200,000	1.474
Walloon Securities Pty Ltd	3,000,000	1.382
Perth Investment Corporation	2,734,138	1.260
Occasio Holdings Pty Ltd	2,050,000	0.945
Wholesale (Morley) Pty Ltd	1,912,081	0.881
Mr Nicholas Crispin Lyons	1,805,556	0.832
Gecko Resources Pty Ltd	1,500,000	0.691
Citicorp Nominees Pty Limited	1,458,699	0.672
Mr Jerzy Plaga	1,250,471	0.576
	149,594,994	68.923

Unquoted equity securities

Class of equity security	Number on issue	Number of holders
31 October 2017 options - $0.08	22,000,000	12

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Ndovu Capital VI B.V.	24,000,000	11.06
Exploration Capital Partners 1998-B Limited Partnership	23,133,000	10.66
Leopard Titanium Ltd	21,026,801	9.69
The Paragon Fund	11,800,000	5.44

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Regal Resources Limited
Mining Tenement Schedule
30 June 2015

Joint Venture with Afrimines SPRL *	Tenement No.	Tenement Holder	Country	Province / State	% held by RER at end of Quarter *	% disposed of during Quarter	% acquired during Quarter
South Kivu	PR4790	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4791	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4794	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4795	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4796	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4799	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4800	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4802	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4807	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4808	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4809	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4817	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR5030	Regal SK SPRL	Democratic Republic of Congo	South Kivu	100	0	0
South Kivu	PR4816	Transfer pending	Democratic Republic of Congo	South Kivu			

** Regal Resources Limited currently holds a 50% interest in issued capital of Regal SK SPRL. In December 2014, Regal terminated the Regal SK joint venture in accordance with the terms of the joint venture agreement and has had no further involvement in the management of Regal SK. Regal is in the process of transferring its shares in Regal SK to its joint venture partner, Afrimines SPRL.*

Incorporated Joint Venture with Traxys SA and GICC (with Traxys and RER capable of earning up to 80% of Kalongwe Mining SA)	Tenement No.	Tenement Holder	Country	Province / State	% held by RER at end of Quarter	% disposed of during Quarter	% acquired during Quarter
Kalongwe	PR12198	Kalongwe Mining SA	Democratic Republic of Congo	Katanga	30	0	0

Project / Tenements	Tenement No.	Tenement Holder	Country	Province / State	% held by RER at end of Quarter	% disposed of during Quarter	% acquired during Quarter
	EL 4507	Western Victorian Energy P/L	Australia	VIC	0	100	0
	EL 4510	Western Victorian Energy P/L	Australia	VIC	0	100	0