



**REGAL RESOURCES LIMITED**  
**ACN 106 294 106**

**PROSPECTUS**

THIS PROSPECTUS IS BEING ISSUED FOR A NON-RENOUNCEABLE PRO RATA OFFER TO ELIGIBLE SHAREHOLDERS OF 1 NEW SHARE FOR EVERY 2 SHARES HELD ON THE RECORD DATE AT AN ISSUE PRICE OF \$0.01 EACH ("ENTITLEMENT OFFER").

THE ENTITLEMENT OFFER CLOSES AT 5:00PM WST ON 4 AUGUST 2016\*.

THIS PROSPECTUS IS ALSO BEING ISSUED FOR:

- THE OFFER OF ANY SHORTFALL UNDER THE ENTITLEMENT OFFER AT AN ISSUE PRICE OF \$0.01 PER NEW SHARE ("SHORTFALL OFFER"); AND
- THE PURPOSE OF SECTION 708A(11) OF THE CORPORATIONS ACT TO REMOVE ANY TRADING RESTRICTIONS ON SHARES ISSUED PRIOR TO THE CLOSING DATE.

THE ENTITLEMENT OFFER AND THE SHORTFALL OFFER ARE UNDERWRITTEN BY NDOVU CAPITAL VI B.V. REFER TO SECTION 5.3 FOR DETAILS OF THE UNDERWRITING AGREEMENT.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

AN INVESTMENT IN THE SHARES OFFERED IN CONNECTION WITH THIS PROSPECTUS SHOULD BE CONSIDERED OF A SPECULATIVE NATURE.

\* The Company reserves the right, subject to the Corporations Act, Listing Rules and Underwriting Agreement to extend the Closing Date without prior notice.

## IMPORTANT INFORMATION

This Prospectus is dated 4 July 2016 and was lodged with the ASIC on that date with the consent of all Directors and the Proposed Director. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Unit 2, 8 Corbusier Place, Balcatta, Western Australia, 6021, during normal business hours.

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

The Prospectus will be made available in electronic form. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus (free of charge) from the Company's registered office by contacting the Company. The Offer contemplated by this Prospectus is only available in electronic form to persons receiving an electronic version of this Prospectus within Australia.

Applications for New Shares will only be accepted on an Application Form which is attached to, or provided by the Company with a copy of this Prospectus either in paper or electronic form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is accompanied by a complete and unaltered copy of this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of the Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offer. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in the forward looking statements.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to WST, unless otherwise indicated.

## **CORPORATE DIRECTORY**

### **Directors**

Mr David Young  
Dr Simon Dorling  
Dr Peter Ruxton  
Mr John Hodder

### **Proposed Director**

Mr Mark Arnesen

### **Company Secretary**

Mr Patrick Holywell

### **Registered Office**

Unit 2  
8 Corbusier Place  
Balcatta WA 6021

Telephone: (08) 9240 8766

Fax: (08) 9240 2005

Email: [info@regalresources.com.au](mailto:info@regalresources.com.au)

### **Share Registry\***

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands WA 6009

### **Lawyers**

Bellanhuse Legal  
Ground Floor, 11 Ventnor Avenue  
West Perth WA 6005

**ASX Code:** RER

**Website:** [www.regalresources.com.au](http://www.regalresources.com.au)

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

## PROPOSED TIMETABLE

Lodgement of Prospectus with ASIC and ASX Lodgement of Appendix 3B with ASX Notice of Offer sent to Optionholders	4 July 2016
Issue of Securities at Transaction Completion	7 July 2016
Notice of Offer sent to Shareholders	12 July 2016
Shares quoted on an "Ex" basis	13 July 2016
Record date for determining Entitlements	14 July 2016
Prospectus and Application Form despatched to Eligible Shareholders	19 July 2016
Last day to extend the Offer closing date	29 July 2016
Closing Date of Offer	4 August 2016
Shares quoted on a deferred settlement basis	5 August 2016
Announcement of Shortfall	9 August 2016
Issue date of New Shares Deferred settlement trading ends	11 August 2016
Commencement of New Shares trading on an ordinary settlement basis	12 August 2016

*All dates (other than the date of the Prospectus and the date of lodgement of the Prospectus with ASIC and ASX) are indicative only. The Company reserves the right, subject to the Corporations Act, Listing Rules, Underwriting Agreement and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Closing Date or accepting late applications, either generally or in particular cases, without notice.*

## LETTER TO SHAREHOLDERS

Dear Shareholder

### Entitlement Offer

On behalf of the Directors of Regal Resources Limited (**Company**), I am pleased to invite you to participate in a non-renounceable pro-rata 1-for-2 Entitlement Offer at an issue price of \$0.01 per Share to raise approximately \$9,253,000 (before costs).

Eligible Shareholders also have the opportunity to subscribe for any Shares that are not subscribed for under the Entitlement Offer pursuant to the Shortfall Offer under this Prospectus.

Any Shares not subscribed for by Eligible Shareholders under the Entitlement Offer, or issued by the Company pursuant to the Shortfall Offer, are to be subscribed for by Ndovu Capital VI B.V. (**Ndovu**) pursuant to the Underwriting Agreement between Ndovu and the Company (summarised in Section 5.3 of the Prospectus). As Ndovu is a significant shareholder in the Company, the Company obtained Shareholder approval for the issue of Shares to Ndovu pursuant to the Underwriting Agreement at its General Meeting held on 30 June 2016. As at the date of this Prospectus, Ndovu's voting power in the Company is approximately 13%, however this is expected to increase to approximately 54% at Transaction Completion (as defined below).

### Recent corporate activities

On 20 April 2016, the Company announced that it had entered into a series of transactions (in addition to the Underwriting Agreement) (together, **Transactions**) which, upon completion (**Transaction Completion**), will provide for:

- the Company to increase its shareholding in Kalongwe to 70%, through the acquisition of all of Traxys' interest in Kalongwe, and an additional 13% interest in Kalongwe from GICC;
- the issue of Shares to Ndovu to fund the acquisitions from Traxys and GICC;
- the settlement and release of obligations and potential liabilities to Afrimines and Regal SK by the issue of Shares and a cash payment; and
- the elimination of all debt on the Company's balance sheet through the conversion of the convertible loan with Ndovu and Exploration Capital Partners 2005 Limited Partnership upon completion of the transactions outlined above.

A detailed summary of the Transactions is contained in the Notice of Meeting announced by the Company on 30 May 2016.

At the General Meeting of the Company held on 30 June 2016, Shareholders approved all necessary shareholder resolutions for the completion of the Transactions. The issue of Shares pursuant to the Transactions is expected to occur on 7 July 2016, subject to the remaining condition precedent regarding the approval of the amended marketing agreement being satisfied or waived, and Transaction Completion occurring in accordance with the various agreements. As this is before the Record Date for the Entitlement Offer, the Shares issued under the Transactions will carry an entitlement to participate in the Entitlement Offer.

The Offer under this Prospectus is conditional upon the completion of the Transactions. If the Transactions are not completed on or prior to the Record Date, then the Offer will be withdrawn.

The issue price for the New Shares under the Offer under this Prospectus is equal to the issue price (or deemed issue price) under each of the Transactions, of \$0.01 per Share.

The Company commissioned an independent expert's report, a full copy of which was provided with the Notice of Meeting. The independent expert concluded that the Transactions, including the underwriting by Ndovu, is not fair but reasonable to existing Shareholders.

## Use of Funds

Funds raised under the Offer are intended to be used to fund completion of the definitive feasibility study for the Kalongwe Project, undertake exploration pursuant to the Company's earn-in agreement with Ivanhoe Mines Ltd, pay the cash portion of the settlement payment to Afrimines and Regal SK, and provide the Company with working capital.

## Proposed Director

As announced by the Company on 20 April 2016, Mr Mark Arnesen has been working with the Company as a consultant to provide assistance with the negotiation and conclusion of the Transactions. It is intended that with effect from the close of the Offer, Mr Arnesen will become the Chief Executive Officer and an Executive Director of the Company.

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

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

## Your Entitlement

The number of New Shares you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Application Form that is attached to this Prospectus. If you take up your Entitlement, you can also apply for additional New Shares under the Shortfall Offer.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

Please read in full the details on how to submit your application, which are set out in this Prospectus. Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on (08) 9240 8766. For general shareholder enquiries, please contact Advanced Share Registry Services on (08) 9389 8033. You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



Peter Ruxton  
Non-Executive Director

# INVESTMENT OVERVIEW



This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in New Shares.

	Further Information
<p><b>Transaction specific prospectus</b></p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	Section 5.4
<p><b>Risk factors</b></p> <p>Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> <li>• <b>Control:</b> There is a risk that the Offer will have a significant effect on the control of the Company. If no Entitlements are taken up, and the Underwriter is required to subscribe for 100% of the Offer, the Underwriter's voting power in the Company will increase from approximately 54.37% as at Transaction Completion, to approximately 69.72% (assuming no Options are exercised).</li> <li>• <b>Political:</b> The Company's operations are located in the DRC and are therefore exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction.</li> <li>• <b>Exploration risk:</b> While extensive exploration activities have been conducted over a portion of the Kalongwe Project, resulting in the declaration of a measured mineral resource, minimal exploration activities have been conducted over the remainder of the permit for the Kalongwe Project. Similarly, the Ivanhoe Project remains subject to further exploration activities. Whilst the Company is of the view that exploration to date over the remainder of the Kalongwe Project and the Ivanhoe Project have yielded results that justify further exploration, the Company is subject to exploration risk.</li> <li>• <b>Continuation as a going concern:</b> The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing exploration commitments and for working capital.</li> <li>• <b>General market risks:</b> As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks.</li> </ul>	Section 4

	Further Information
<p><b>The Offer</b></p> <p>This Prospectus is for a non-renounceable entitlement issue of one New Share for every two Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.01 per New Share to raise up to approximately \$9,253,000 (before costs).</p> <p>This Prospectus is also being issued for the Shortfall Offer, as well as for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on Shares issued prior to the Closing Date.</p>	Section 1
<p><b>Conditional Offer</b></p> <p>The Offer is conditional on Transaction Completion occurring.</p> <p>If Transaction Completion does not occur on or prior to the Record Date, then the Offer will be withdrawn. If the Offer is withdrawn, any Application Monies received by the Company in relation to the Offer will be refunded (without interest) in accordance with the provisions of the Corporations Act.</p>	Section 1.5
<p><b>Eligible Shareholders</b></p> <p>The Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who:</p> <ul style="list-style-type: none"> <li>• are the registered holder of Shares as at 5.00pm (WST) on the Record Date; and</li> <li>• have a registered address in Australia or, subject to the offer restrictions in Section 1.16, the British Virgin Islands, DRC, Gibraltar, Netherlands, New Zealand, or United Kingdom.</li> </ul>	Sections 1.16 - 1.19
<p><b>Use of Offer proceeds</b></p> <p>Funds raised under the Offer are intended to be used to fund completion of the definitive feasibility study for the Kalongwe Project, undertake exploration pursuant to the Company's earn-in agreement with Ivanhoe Mines Ltd, pay the cash portion of the settlement payment to Afrimines and Regal SK, and provide the Company with working capital.</p>	Section 1.4
<p><b>Shortfall Offer</b></p> <p>Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.</p> <p>Eligible Shareholders may apply for Shares under the Shortfall Offer subject to such applications being received by the Closing Date. The issue price for each New Share to be issued under the Shortfall Offer shall be \$0.01 being the price at which New Shares have been offered under the Entitlement Offer.</p> <p>There is no guarantee that Eligible Shareholders will receive New Shares applied for under the Shortfall Offer.</p> <p>Any Shortfall Shares will be allocated firstly to Eligible Shareholders who apply for Shortfall Shares, then to Ndovu in its capacity as Underwriter.</p>	Section 1.2
<p><b>Underwriting</b></p> <p>The Offer is underwritten by Ndovu.</p> <p>Upon Transaction Completion occurring, Ndovu will have no termination rights under the terms of the Underwriting Agreement.</p>	Sections 1.7 and 5.3

	Further Information																								
<p><b>Effect on control of the Company</b></p> <p>Shareholders should note that if they do not participate in the Entitlement Offer, their holdings will be diluted. Examples of how the dilution may impact Shareholders are set out in the table in Section 1.9.</p> <p>In the event that no other Eligible Shareholders participate in the Entitlement Offer, pursuant to Ndovu’s underwriting obligations, Ndovu’s maximum voting power would increase to approximately 69.72% (assuming no Options are exercised).</p>	Section 1.9																								
<p><b>Indicative capital structure and pro-forma balance sheet</b></p> <p>The indicative capital structure upon completion of the Offer is set out below:</p> <table><tr><th></th><th>Shares</th><th>Options</th></tr><tr><td>Balance at the date of this Prospectus</td><td>223,459,096</td><td>86,000,000</td></tr><tr><td>To be issued at Transaction Completion</td><td>1,627,213,200</td><td>30,000,000</td></tr><tr><td>To be issued pursuant to the Offer</td><td>925,336,148</td><td>Nil</td></tr><tr><td>To be issued as Underwriting Commission Shares</td><td>12,581,798</td><td>Nil</td></tr><tr><td>Total</td><td>2,788,590,242</td><td>116,000,000</td></tr></table> <p>The indicative pro-forma balance sheet showing the effect of the Transactions and the Offer is in Section 3.2.</p>		Shares	Options	Balance at the date of this Prospectus	223,459,096	86,000,000	To be issued at Transaction Completion	1,627,213,200	30,000,000	To be issued pursuant to the Offer	925,336,148	Nil	To be issued as Underwriting Commission Shares	12,581,798	Nil	Total	2,788,590,242	116,000,000	Sections 3.1 and 3.2						
	Shares	Options																							
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To be issued as Underwriting Commission Shares	12,581,798	Nil																							
Total	2,788,590,242	116,000,000																							
<p><b>Interests in Shares of Directors and Proposed Directors</b></p> <p>The relevant interest of each of the Directors and the Proposed Director in Shares as at the date of this Prospectus, together with their respective Entitlement (assuming no Options are exercised), is set out in the table below:</p> <table><tr><th>Name</th><th>Position</th><th>Shares</th><th>Entitlement</th></tr><tr><td>Mr David Young</td><td>Non-Executive Director</td><td>3,901,333</td><td>1,950,667</td></tr><tr><td>Dr Simon Dorling</td><td>Non-Executive Director</td><td>455,000</td><td>227,500</td></tr><tr><td>Dr Peter Ruxton</td><td>Non-Executive Director</td><td>Nil</td><td>Nil</td></tr><tr><td>Mr John Hodder</td><td>Non-Executive Director</td><td>Nil</td><td>Nil</td></tr><tr><td>Mr Mark Arnesen</td><td>Proposed Executive Director</td><td>Nil</td><td>Nil</td></tr></table> <p>Mr Young has indicated his intention to subscribe for his full Entitlement of 1,950,667 Shares (\$19,507) and Dr Dorling has indicated his intention to subscribe for his full Entitlement of 227,500 Shares (\$2,275).</p>	Name	Position	Shares	Entitlement	Mr David Young	Non-Executive Director	3,901,333	1,950,667	Dr Simon Dorling	Non-Executive Director	455,000	227,500	Dr Peter Ruxton	Non-Executive Director	Nil	Nil	Mr John Hodder	Non-Executive Director	Nil	Nil	Mr Mark Arnesen	Proposed Executive Director	Nil	Nil	Section 5.8(b)
Name	Position	Shares	Entitlement																						
Mr David Young	Non-Executive Director	3,901,333	1,950,667																						
Dr Simon Dorling	Non-Executive Director	455,000	227,500																						
Dr Peter Ruxton	Non-Executive Director	Nil	Nil																						
Mr John Hodder	Non-Executive Director	Nil	Nil																						
Mr Mark Arnesen	Proposed Executive Director	Nil	Nil																						

	Further Information
<p><b>Forward looking statements</b></p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.</p>	Section 4

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## 1. Details of the Offer

### 1.1 Entitlement Offer

The Company is making a non-renounceable pro-rata offer of ordinary fully paid Shares at an issue price of \$0.01 each to Eligible Shareholders on the basis of one New Share for every two Shares held at 5:00pm (WST) on the Record Date (Entitlement Offer).

The Company has as at the date of this Prospectus 223,459,096 Shares, and 86,000,000 Options on issue.

The Company anticipates issuing 1,627,213,200 Shares and 30,000,000 Options at Transaction Completion (refer to Section 1.3). These Securities will be issued prior to the Record Date and the Shares will therefore carry an Entitlement.

The market price of Shares at the date of this Prospectus is such that it is unlikely that any of the existing Options, or the Options to be issued at Transaction Completion, will be exercised before the Record Date.

Accordingly, as at the Record Date, the Company expects to have 1,850,672,296 Shares on issue and 925,336,148 Shares are proposed to be offered under the Entitlement Offer, subject to rounding.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share.

Shares issued under the Entitlement Offer will be issued as fully paid ordinary shares and will rank equally in all respects with the existing ordinary shares on issue. Further details on the rights and liabilities attaching to the Shares proposed to be issued under the Entitlement Offer are contained in Section 5.1.

### 1.2 Shortfall Offer

Any Entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer. Eligible Shareholders may, in addition to their Entitlement, apply for Shortfall Shares.

The Shortfall Offer is a separate offer made pursuant to this Prospectus. The issue price of any Shortfall Shares will be \$0.01 each, which is the issue price at which New Shares have been offered to Eligible Shareholders under the Entitlement Offer.

Eligible Shareholders who wish to subscribe for New Shares above their Entitlement are invited to apply for Shortfall Shares under the Shortfall Offer by completing the appropriate section on their Entitlement and Acceptance Form or by making payment for such New Shares using BPAY® (refer to Section 2.3).

Shortfall Shares will only be issued if the Entitlement Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. Eligible Shareholders applying for Shortfall Shares in excess of their full Entitlement will have priority under the Shortfall Offer subject to applications being received by the Closing Date. In the event of oversubscription from these applications they will be scaled back.

Any remaining Shortfall Shares will be subscribed for by the Underwriter in satisfaction of its commitment under the Underwriting Agreement.

No New Shares will be issued under the Shortfall Offer if their issue would contravene the takeover prohibition in section 606 of the Corporations Act. In addition, no New Shares will be issued under the Shortfall Offer to any related parties of the Company.

The Shortfall Shares are to be issued at the discretion of the Company and as such there is no guarantee that any Shortfall Shares will be issued to Eligible Shareholders or other third parties. Excess Application Monies for the Shortfall Offer will be refunded without interest.

It is a term of the Shortfall Offer that, should the Company scale back applications for Shortfall Shares, the Applicant will be bound to accept such lesser number allocated to them.

### 1.3 Cleansing Prospectus

A secondary purpose of this Prospectus is to remove any trading restrictions that may attach to Shares already issued or to be issued by the Company prior to the Record Date.

The Company has previously issued the following Shares (together, **Establishment Fee Shares**):

- (a) 857,143 Shares were issued to ECP on 6 January 2016 in consideration for the establishment fee payable on the \$1,000,000 loan advanced by ECP under the Convertible Loan Agreement (at a deemed issue price of \$0.035 per Share);
- (b) 1,356,495 Shares were issued to Ndovu on 6 January 2016 in consideration for the establishment fee payable on the \$1,582,577 loan advanced by Ndovu under the Convertible Loan Agreement (including \$82,577 of capitalised interest) (at a deemed issue price of \$0.035 per Share); and
- (c) 3,300,000 Shares were issued to Ndovu on 4 May 2016 in consideration for the establishment fee payable on the additional \$1,100,000 Bridge Loan advanced by Ndovu under the Convertible Loan Agreement (at a deemed issue price of \$0.01 per Share).

The Establishment Fee Shares were issued without disclosure under Part 6D.2 of the Corporations Act.

The Company intends on issuing the following Securities as part of Transaction Completion, pursuant to the Shareholder approvals obtained at the General Meeting held on 30 June 2016:

Reason for issue	Shares	Options
Traxys Share Consideration	199,071,002	-
GICC Share Consideration	166,556,072	-

Reason for issue	Shares	Options
Ndovu Subscription Shares	697,412,077	-
Afrimines Share Consideration	159,256,802	-
Ndovu Convertible Loan Securities	279,273,345 <sup>1</sup>	30,000,000 <sup>3</sup>
ECP Convertible Loan Shares	105,643,902 <sup>2</sup>	-
Consultant Shares	20,000,000	-
<b>TOTAL</b>	<b>1,627,213,200</b>	<b>30,000,000</b>

Notes:

1. The number of Shares for which Shareholder approval was obtained was 279,993,677. This assumed that Transaction Completion occurred on 14 July 2016 and therefore included the number of Shares which would be issued in satisfaction of interest payments up to that date. As it is intended that Transaction Completion will occur on 7 July 2016, it has been agreed with Ndovu that a total of 279,273,345 Shares will be issued. If there is any delay in Transaction Completion, it has been agreed with Ndovu that any additional interest payments are to be satisfied in cash.
2. The number of Shares for which Shareholder approval was obtained was 105,848,182. This assumed that Transaction Completion occurred on 14 July 2016 and therefore included the number of Shares which would be issued in satisfaction of interest payments up to that date. As it is intended that Transaction Completion will occur on 7 July 2016, it has been agreed with ECP that a total of 105,643,902 Shares will be issued. If there is any delay in Transaction Completion, it has been agreed with ECP that any additional interest payments are to be satisfied in cash.
3. Exercisable at \$0.06 each on or before the date that is 60 months from issue.

It is proposed to issue the above Securities before the Record Date.

Section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
  - (i) on or after the day on which the relevant securities were issued; or
  - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and

- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The issue of this Prospectus will therefore ensure that the holders of the Establishment Fee Shares and the Shares listed in the above table may, if they choose to, sell those Shares within 12 months of their issue, without the need for another prospectus to be issued.

This Prospectus will also facilitate the issue of 30,000,000 Options listed in the above table on the terms and conditions set out in Schedule 1 and the secondary trading of the underlying Shares to be issued upon exercise of the Options pursuant to ASIC Class Order CO04/671.

## 1.4 Purpose of the Offer and Use of Funds

Completion of the Offer will result in an increase in cash at hand of approximately \$9,253,000 (before costs).

### (a) Use of funds

The following indicative table sets out the proposed use of funds raised under the Offer:

Proposed use	\$
Exploration and completion of the definitive feasibility study for the Kalongwe Project	3,386,443
Exploration pursuant to the Company's earn-in agreement with Ivanhoe Mines Ltd	3,558,104
Cash portion of settlement payment to Afrimines and Regal SK	1,592,568
Director and executive fees/salaries	280,984
Travel costs	99,375
Costs of Offer	91,476
Working capital <sup>1</sup>	244,050
<b>TOTAL</b>	<b>9,253,000</b>

#### Notes:

- Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and additional travel costs.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

## 1.5 Conditional Offer

The Offer is conditional upon Transaction Completion occurring. If Transaction Completion does not occur on or prior to the Record Date, then the Offer will be withdrawn and any Application Monies received by the Company in relation to the Offer will be refunded (without interest) in accordance with the provisions of the Corporations Act.

## 1.6 Opening and Closing Date

The Closing Date for the Offer is 4 August 2016. The Company reserves the right, subject to the Corporations Act, Listing Rules and Underwriting Agreement to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly.

## 1.7 Underwriting Agreement

Ndovu has been appointed as the underwriter (**Underwriter**) to fully underwrite the Offer.

In consideration for the Underwriter's underwriting obligations, the Company has agreed to pay the Underwriter an underwriting commission of 3% of the total gross amount raised under the Offer, less the amount to be raised by the subscription by the Underwriter in its capacity as an Eligible Shareholder of its Entitlement (which it has committed to take up).

This underwriting commission is to be paid by the issue of Shares at a deemed issue price of \$0.01 per Share, to a maximum of 12,581,798 Shares. The issue of these Shares to the Underwriter was approved by Shareholders at the General Meeting. Any surplus underwriting commission will be paid for by the Company in cash.

An underwriting agreement was agreed between the Underwriter and the Company on 20 April 2016 (**Underwriting Agreement**). A summary of the Underwriting Agreement is in Section 5.3.

## 1.8 Substantial Shareholders

Based on available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Number of Shares	Voting power
Ndovu Capital VI B.V.	29,556,495	13.23%

It is intended that 976,685,422 Shares will be issued to Ndovu at Transaction Completion, which would increase its total number of Shares to 1,006,241,917 and its voting power to 54.37%.

Refer to Section 1.9 for details regarding the effect of the Offer on the voting power of Ndovu.

## 1.9 Effect of the Offer on control of the Company

Section 606(1) of the Corporations Act prohibits a person, unless an exception applies, from increasing their voting power in the Company:

- (a) from 20% or below to above 20%; or
- (b) from a starting point of above 20% and below 90%.

Item 7 of section 611 of the Corporations Act provides a mechanism by which shareholders may approve an issue of shares to a person which would otherwise be prohibited pursuant to section 606 of the Corporations Act.

At the General Meeting, the Company obtained Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act for Ndovu to participate in the Offer by subscribing for its Entitlement as an Eligible Shareholder, and pursuant to the Underwriting Agreement.

In relation to other existing Shareholders, an increase in voting power that occurs as a result of acquiring Shares under the Offer will not fall within the exception at item 7 of section 611 of the Corporations Act or any other exceptions to section 606 of the Corporations Act. Accordingly, the Company will not issue New Shares to any Applicant or other person (other than Ndovu) if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest in excess of 20% of the issued capital of the Company subsequent to the Closing Date. This may result in the Company scaling back applications from Eligible Shareholders below their Entitlements to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offer does not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging applications for New Shares, acknowledge and accept the right and obligation of the Company to not allot or issue New Shares to them which would result in any breach.

As at the date of this Prospectus, Ndovu holds a relevant interest in 29,556,495 Shares, giving it a voting power of 13.23% in the Company.

As at Transaction Completion, Ndovu will hold a maximum relevant interest in 1,006,241,917 Shares, giving it a maximum voting power of 54.37% in the Company.

Ndovu also has a relevant interest in 24,000,000 Options, and will be issued with an additional 30,000,000 Options at Transaction Completion. Ndovu has informed the Company that its present intention is not to exercise any Options prior to the Record Date.

Ndovu does not have any associates who hold a relevant interest in any Securities.

Ndovu's maximum potential relevant interest in Shares and voting power in the Company under several scenarios are set out in the table below and are based on the assumption that no further Shares are issued by the Company (other than the Shares to be issued at Transaction Completion) or Options exercised:

	New Shares	Total Shares	Total Ndovu Shares	Ndovu voting power
Date of Prospectus		223,459,096	29,556,495	13.23%
Transaction Completion	1,627,213,200	1,850,672,296	1,006,241,917	54.37%
Entitlement Offer:	925,336,148	2,776,008,444		
• Fully subscribed			• 1,509,362,876	• 54.37%
• 75% subscribed by non-Ndovu Shareholders			• 1,614,916,673	• 58.17%
• 50% subscribed by non-Ndovu Shareholders			• 1,720,470,471	• 61.98%
• 0% subscribed by non-Ndovu Shareholders			• 1,931,578,065*	• 69.58%*
Underwriting commission Shares	12,581,798	2,788,590,242	1,944,159,863*	69.72%*

\* The maximum voting power of Ndovu in the event that no other Eligible Shareholders subscribe for New Shares and no Options are exercised is approximately 69.72%. On a fully diluted basis, the maximum voting power of Ndovu is approximately 68.79%.

It is highly unlikely that no Eligible Shareholders will subscribe for New Shares. The Company has received an irrevocable undertaking from one of its Shareholders, ECP, to take up 100% of its Entitlement (of approximately 53,250,523 Shares).

The underwriting obligation and therefore voting power of Ndovu will reduce by a corresponding amount for the amount of New Shares subscribed for by the other Eligible Shareholders. As noted in Section 1.2, any Shortfall Shares will be allocated firstly to the Eligible Shareholders who apply for Shortfall Shares, then to Ndovu in its capacity as Underwriter.

Eligible Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted. Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement	Holdings if Entitlement not taken up	% post Offer
Shareholder 1	312,500,000	16.89	156,250,000	312,500,000	11.26
Shareholder 2	62,500,000	3.38	31,250,000	62,500,000	2.25
Shareholder 3	12,500,000	0.68	6,250,000	12,500,000	0.45
Shareholder 4	2,500,000	0.14	1,250,000	2,500,000	0.09
Shareholder 5	500,000	0.03	250,000	500,000	0.02

### **1.10 Minimum subscription**

As the Offer is fully underwritten, the minimum subscription under the Offer is the number of New Shares offered under the Offer.

### **1.11 No rights trading**

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your Entitlement to any other party. If you do not take up your Entitlement by the Closing Date, the Entitlement Offer to you will lapse.

### **1.12 Issue Date and dispatch**

All New Shares are expected to be issued on or before the date specified in the proposed timetable in this Prospectus.

Security holder statements will be dispatched at the end of the calendar month following the issue of the New Shares.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements do so at their own risk.

### **1.13 Application Monies held on trust**

All Application Monies received for the New Shares will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Shares are issued under the Offer. All Application Monies received in respect of the Offer will be returned (without interest) if the New Shares under the Offer are not issued.

### **1.14 ASX quotation**

Application has been or will be made for the official quotation of the New Shares offered by this Prospectus. If permission is not granted by ASX for the official quotation of the New Shares offered by this Prospectus within three months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

### **1.15 CHESS**

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of New Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Advanced Share Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

## **1.16 International Offer Restrictions**

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of New Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus, and any accompanying Application Form, may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### **(a) British Virgin Islands**

The New Shares may not be offered in the British Virgin Islands unless the Company or any person offering the New Shares on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The New Shares may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

### **(b) Democratic Republic of the Congo**

This document was prepared in compliance with Australian law. The New Shares are exclusively offered to existing Shareholders with registered addresses in the DRC under the exemption provided for in Article 81-1 of the OHADA Uniform Act on Commercial Companies and Economic Interest Groups.

### **(c) European Economic Area - Gibraltar and Netherlands**

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in member states of the European Economic Area (**Member States**), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the relevant Member State:

- (i) to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- (ii) to any legal entity that satisfies two of the following three criteria:
  - (A) balance sheet total of at least €20,000,000;
  - (B) annual net turnover of at least €40,000,000; and
  - (C) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- (iii) to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, MiFID);
- (iv) to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- (v) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company; or
- (vi) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

**(d) New Zealand**

The New Shares are not being offered or sold to the public in New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

**(e) United States**

This document may not be released or distributed in the United States except by the Company to existing Shareholders who are "qualified institutional buyers" (as defined in Rule 144A under the US Securities Act of 1933).

Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

(f) **United Kingdom**

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons:

- (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, as amended; or
- (ii) to whom it may otherwise be lawfully communicated

(together **relevant persons**). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

## **1.17 Ineligible Foreign Shareholders**

The Company believes that it is unreasonable to extend the Offer to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the New Shares that would be offered to those Shareholders; and

- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Offer.

#### **1.18 Notice to nominees and custodians**

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws.

#### **1.19 Nominee sale procedure**

No nominee has been approved by the ASIC to act as nominee to sell the New Shares that might have otherwise been issued to Ineligible Foreign Shareholders.

Accordingly, Applicants under the Entitlement Offer will not be able to rely on the exception allowed by item 10 of section 611 of the Corporations Act which would otherwise permit an Applicant to acquire a voting power of more than 20% in the Company as a result of accepting their entitlement under the Entitlement Offer without breaching section 606 of the Corporations Act. As a consequence, subsequent to the Entitlement Offer Closing Date, the Company will not issue New Shares (including Shortfall Shares) to any Applicant or other person if the result of any such issue would result in any person (and that person's associates) acquiring a relevant interest in excess of 20% of the issued capital of the Company subsequent to the Entitlement Offer Closing Date. This may result in the Company scaling back Applications from Eligible Shareholders below their entitlements to ensure that no breach of section 606 of the Corporations Act occurs.

Without limiting the above, it is the responsibility of Eligible Shareholders to ensure that their participation under the Offers do not result in them breaching section 606 of the Corporations Act. Eligible Shareholders, by lodging Applications for New Shares, acknowledge and accept the right and obligation of the Company to not allot or issue New Shares to them which would result in any breach by them of section 606 of the Corporations Act and direct the Company to so act.

#### **1.20 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for New Shares.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for New Shares.

#### **1.21 Major activities and financial information**

A summary of the activities and financial information relating to the Company for the half-year ended 31 December 2015 and financial year ended 30 June 2015 can

be found in the Company's Interim Financial Report and Annual Financial Report lodged with ASX.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Interim Financial Report on 16 March 2016 and Annual Financial Report on 1 October 2015 are listed in Section 5.5.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that potential Applicants review these and all other announcements prior to deciding whether or not to participate in the Offer.

## **1.22 Privacy**

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's Security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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## **2. Action required by Shareholders**

### **2.1 Acceptance of Entitlement**

Should you wish to accept all of your Entitlement to New Shares under the Entitlement Offer and you are not paying by BPAY, then Applications for New Shares under this Prospectus must be made on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Regal Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

Advanced Share Registry  
110 Stirling Highway  
NEDLANDS WA 6009

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

### **2.2 If you wish to take up only part of your Entitlement**

Should you wish to only take up part of your Entitlement to New Shares under the Entitlement Offer and you are not paying by BPAY, then Applications for New Shares under this Prospectus must be made on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the amount payable (calculated at \$0.01 per New Share accepted), and attach a cheque, bank draft or money order for the appropriate amount.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Regal Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

Advanced Share Registry  
110 Stirling Highway  
NEDLANDS WA 6009

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form. Please note that if you pay by BPAY and you subscribe for less than your Entitlement or you do not pay for your full Entitlement, you are taken to have taken up your Entitlement in respect of such whole number of Shares that is covered in full by the funds transferred.

### **2.3 If you wish to apply for Shortfall Shares**

If you wish to apply for Shares in excess of your Entitlement by applying for Shortfall Shares you may do so by completing the relevant separate section of the Application Form relating to the Shortfall Offer and which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Application Form. Any New Shares applied for in excess of your Entitlement will be applied for under the Shortfall Offer and will be issued at the discretion of the Directors.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Regal Resources Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

Advanced Share Registry  
110 Stirling Highway  
NEDLANDS WA 6009

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the date and time mentioned above. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

### **2.4 Entitlements not taken up**

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.

### **2.5 Entitlement and Acceptance Form**

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Shares.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the application as valid and how to construe, amend or complete the Application Form, is final.

The Company will send this Prospectus, together with an Application Form, to all Eligible Shareholders.

By completing and returning your Application Form with the requisite Application Monies, or making a payment via BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Application Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form; and
- (e) declare that you are the current registered holder of Shares as at the Record Date and have a registered address in Australia or subject to the offer restrictions in Section 1.16, the British Virgin Islands, DRC, Gibraltar, Netherlands, New Zealand, or United Kingdom;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the United States Securities Act of 1933, as amended.

## **2.6 Enquiries concerning your Entitlement or this Prospectus**

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on (08) 9240 8766.

For general shareholder enquiries, please contact Advanced Share Registry Services on (08) 9389 8033.

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### 3. Effect of the Offer

#### 3.1 Capital structure on completion of the Offer

	Number of Shares	Number of Options
Balance at the date of this Prospectus	223,459,096	86,000,000 <sup>1</sup>
To be issued at Transaction Completion	1,627,213,200	30,000,000 <sup>2</sup>
To be issued pursuant to the Offer	925,336,148	Nil
To be issued as Underwriting Commission Shares	12,581,798	Nil
<b>TOTAL</b>	<b>2,788,590,242</b>	<b>116,000,000</b>

**Notes:**

- 86,000,000 unquoted Options consist of:
  - 22,000,000 Options exercisable at \$0.08 each on or before 31 October 2017;
  - 21,100,000 Options exercisable at \$0.08 each on or before 2 December 2017 (unless the expiry date is accelerated);
  - 18,900,000 Options exercisable at \$0.08 each on or before 28 October 2017 (unless the expiry date is accelerated); and
  - 24,000,000 Options exercisable at \$0.08 each on or before 10 February 2018.
- 30,000,000 unquoted Options exercisable at \$0.06 each on or before the date that is 60 months from issue.
- The table is subject to rounding.

#### 3.2 Pro-forma consolidated statement of financial position

The unaudited balance sheet as at 31 December 2015 and the unaudited pro-forma balance sheet as at 31 December 2015 (which takes into account the Transactions and the Offer) shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted and including expenses of the Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Audited Balance Sheet as at 31/12/15	Subsequent events <sup>1</sup>	Pro-forma adjustment <sup>2</sup>	Pro-forma adjustment <sup>3</sup>	Pro-forma adjustment <sup>4</sup>	Unaudited Pro Forma Balance Sheet Post Offer
<b>Current Assets</b>						
Cash & cash equivalents	1,329,503	1,100,000	(1,592,568)	(6,897,947)	16,227,121	10,166,109
Trade & other receivables	204,556	-	-	274	-	204,830
Other current assets	20,104	-	-	434,012	-	454,116
<b>Non-Current Assets</b>						-
Investments accounted for using the equity method	4,033,685	-	-	(4,033,685)	-	-
Plant & equipment	-	-	-	135,670	-	135,670
Exploration & evaluation expenditure	192,552	-	-	27,433,333	-	27,625,885
Intangibles	-	-	-	68,595	-	68,595
Other	-	-	-	43,638	-	43,638
<b>TOTAL ASSETS</b>	<b>5,780,400</b>	<b>1,100,000</b>	<b>(1,592,568)</b>	<b>17,183,892</b>	<b>16,227,121</b>	<b>38,698,845</b>
<b>Current Liabilities</b>						
Trade & other payables	2,367,111	-	(1,575,343)	245,190	91,476	1,128,434
Provisions	-	-	-	20,877	-	20,877
Borrowings	876,243	-	(876,243)		-	-
<b>Non-current liabilities</b>					-	-
Borrowings	-	-	-	3,905,278	-	3,905,278
<b>TOTAL LIABILITIES</b>	<b>3,243,354</b>	<b>-</b>	<b>(2,451,586)</b>	<b>4,171,345</b>	<b>91,476</b>	<b>5,054,589</b>
<b>NET ASSETS</b>	<b>2,537,046</b>	<b>1,100,000</b>	<b>859,018</b>	<b>13,012,546</b>	<b>16,135,645</b>	<b>33,644,255</b>
<b>EQUITY</b>						
Issued capital	42,711,418	-	1,592,568	1,142,789	16,135,645	61,582,420
Convertible loan	2,500,000	1,100,000	-	-	-	3,600,000
Reserves	14,181,190	-	-	-	-	14,181,190
Accumulated losses	(56,855,562)	-	(733,550)	5,782,075	-	(51,807,037)
Non-controlling interest	-	-	-	6,087,682	-	6,087,682
<b>TOTAL EQUITY</b>	<b>2,537,046</b>	<b>1,100,000</b>	<b>859,018</b>	<b>13,012,546</b>	<b>16,135,645</b>	<b>33,644,255</b>

**Notes:**

1. On 2 May 2016, the Company received bridge funding for \$1,100,000 and subsequently issued establishment fees of \$33,000 via Shares at a deemed price of \$0.01 per Share.
2. Proposed settlement to Afrimines of US\$2,500,000 which based on an AUD:USD exchange rate of 0.7535 equates to \$3,185,136. 50% is to be settled via cash and 50% via the issue of Shares. As at 31 December 2015, the Company had accrued for borrowings of \$876,243 and payables to Afrimines of \$1,575,343 and is therefore required to account for a further payable of \$733,550.
3. Adjustments in relation to asset acquisition accounting. Proposed acquisition payments to Traxys of US\$5.5 million (US\$4 million cash and US\$1.5 million in Shares) and GICC of US\$2.51 million (50% in cash and 50% in Shares). Based on an AUD:USD exchange rate of 0.7535 and a deemed issue price of A\$0.01 per share equates to payments as follows:
  - a. Traxys: cash of A\$5,308,560 and shares of A\$1,990,710.
  - b. GICC: cash of A\$1,665,561 and shares of A\$1,665,561.Equity equals the residual of identifiable net assets acquired minus cash consideration transferred i.e.  $\$20,292,274 \times 40\% = \$8,116,910 - \$6,974,121$  (cash paid to Traxys/GICC) = \$1,142,789.
4. Proposed placement of US\$5,255,000 to fund the acquisitions from Traxys and GICC (based on an AUD:USD exchange rate of 0.7535 equates to \$6,974,121) and the Entitlement Offer of \$9,253,000 less estimated costs of \$91,476 (refer to Section 5.11) and issue of Shares to consultants/advisors totalling \$897,494 at a deemed issue price of 0.01 per Share.

### **3.3 Market price of Shares**

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.027 (on 8 April 2016)

Lowest: \$0.009 (15, 16, 21, 22 and 23 June 2016)

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.016 per Share on 1 July 2016.

### **3.4 Dividend Policy**

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

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## 4. Risk Factors

An investment in Shares offered by this Prospectus should be regarded as speculative. Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks, however some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which prospective investors need to be aware of in evaluating the Company's business and the risks of investing in the Company. Prospective investors should carefully consider the following factors in addition to the other information presented in the Prospectus.

The principal risks include, but are not limited to, the following:

### 4.1 Risks specific to the Company

#### (a) Control

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

- (i) obtaining any Shareholder approvals for transactions between Ndovu and the Company, where required by applicable law or the Listing Rules; and
- (ii) the Directors' duties and obligations to the Company, including in relation to material personal interests and other conflicts of interest and, more generally, to act in the best interests of the Company as a whole.

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

#### (b) Sovereign risk

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

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

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

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

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

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

- (i) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute;
- (ii) a higher degree of discretion on the part of governmental agencies;
- (iii) the lack of political or administrative guidance on implementing applicable rules and regulations;
- (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or
- (v) relative inexperience of the judiciary and court in such matter.

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

**(d) Claims in respect of historical matters**

The Company was incorporated on 11 September 2003 and has been involved in numerous different negotiations, projects, companies and joint ventures during its history. The Company is therefore subject to the risk of any claims being brought against the Company in respect of such historical activities.

As announced by the Company on 9 June 2016, the Company has been served with two separate claims in respect of historical matters:

- (i) a Writ of Summons by Eucalyptus Gold Mines Pty Ltd (EGM) filed in the Supreme Court of Western Australia. EGM alleges that the Company has breached an agreement entered into in January 2005 (around the time of the Company's initial public offering) in relation to Mining Lease 39/115 and seeks to claim damages, interest and costs. The quantum of the claim is not specified. The Company intends to defend the proceeding; and
- (ii) a Statement of General Procedure Third Party Claim by Peter Andrew Wiltshire (Wiltshire) in the Magistrates Court of Western Australia. The Shire of Laverton claims unpaid rates, interest and costs against Wiltshire and Wiltshire claims that the Company was the true owner of the relevant tenements (P39/4361-63, P39/4366-75 and M39/1083) at all material times. The Company intends to defend the proceeding.

The Company will keep the market informed on developments for each of these claims as they transpire.

(e) **Title**

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

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

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

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

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

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for gold, copper and other metals that may be mined commercially in the future from the Company's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. Metals are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including

Australian dollars, and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

**(g) Joint venture risks**

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

**(h) Future capital needs**

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

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

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

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

**(i) Reliance on key management**

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

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

## **4.2 Mining Industry Risks**

**(a) Exploration success**

While extensive exploration activities have been conducted over a portion of the Kalongwe Project, resulting in the declaration of a measured mineral resource, minimal exploration activities have been conducted over

the remainder of the permit for the Kalongwe Project. Similarly, the Ivanhoe Project remains subject to further exploration activities. Whilst the Company is of the view that exploration to date over the remainder of the Kalongwe Project and the Ivanhoe Project have yielded results that justify further exploration, the Company is subject to exploration risk.

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

**(b) Drilling and exploration programs**

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

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

**(c) Environmental**

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

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

**(d) Resource estimates**

The Company has previously announced resource estimates. Resource estimates are expressions of judgement based on knowledge, experience

and industry practice. Estimates that were valid when originally made may alter significantly when new information or techniques become available.

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

### **4.3 General Risks**

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

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

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

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

#### **(b) Unforeseen expenditure risk**

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

#### **(c) Litigation risk**

All industries, including the minerals exploration industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's activities. Refer to Section 4.1(d) for details of the current litigation claims the Company is involved in.

#### **(d) Insurance**

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

#### **4.4 Investment Speculative**

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

The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares. Shareholders should consider that the investment in the Company is high risk and should consult their professional adviser before deciding whether to apply for New Shares pursuant to this Prospectus.

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## 5. Additional information

### 5.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of the Company every holder of fully paid Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per Share on a poll.

A person who holds a Share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the Share.

(c) Issues of further Shares

Subject to the Corporations Act and the Constitution, the Board may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Board decides. The Company must not issue shares or grant options if the issue or grant would result in a breach of the Listing Rules.

(d) Variation of rights

Unless otherwise provided by the Constitution or by the terms of issue of a class of Shares, the rights attached to the Shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued Shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued Shares of the affected class.

(e) Transfer of Shares

Subject to the Constitution, a member may transfer a share by any means

permitted by the Corporations Act or by law.

(f) Dividends

Subject to the Corporations Act, the Listing Rules, the Constitution and the rights attaching to Shares issued on special conditions, the Directors may from time to time declare that a dividend is payable to the holders of ordinary Shares and fix the time for payment.

(g) Winding up

Subject to the Constitution, the Corporations Act and the rights of holders of Shares with special rights, on a winding up of the Company, any surplus must be divided among the members in the proportions which the amount paid (including amounts credited) on the Shares of a member is of the total amounts paid and payable (including amounts credited) on the Shares of all members.

(h) Dividend reinvestment and share plans

The Directors may establish a dividend reinvestment plan on any terms, under which participants may elect in respect of all or part of their Shares to apply the whole or any part of a Dividend from the Company in subscribing for securities of the Company or a related body corporate of the Company.

(i) Directors

The Company must have not less than 3 Directors.

(j) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors may exercise all the powers of the Company except any powers that the Corporations Act or this Constitution requires the Company to exercise in general meeting.

(k) Unmarketable parcels

The Constitution permits the Company to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of the Listing Rules.

If a Shareholder does not want its Shares sold, that Shareholder may notify the Company accordingly.

(l) Capitalisation of profits

The Directors may capitalise any profits of the Company and distribute that capital to the members, in the same proportions as the members are entitled to a distribution by dividend.

(m) Preference Shares

The Company may issue preference Shares including preference Shares which are liable to be redeemed in a manner permitted by the Corporations Act, and preference Shares in accordance with the terms of the Constitution.

## **5.2 Voluntary Escrow Shares**

It is a condition of the Traxys Sale Agreement that the Traxys Share Consideration and any Shares subscribed for by Traxys under the Entitlement Offer will be subject to a 6 month voluntary escrow period.

It is also a condition of the Afrimines Settlement Agreement that the Afrimines Share Consideration and any Shares subscribed for by Afrimines under the Entitlement Offer will be subject to a 6 month voluntary escrow period

If each of Traxys and GICC subscribe for their full Entitlement, the maximum number of Shares subject to voluntary escrow will be 537,491,706 Shares, which comprises 19.36% of the anticipated number of Shares on completion of the Offer.

During the voluntary escrow period, Traxys or Afrimines may:

- (a) accept their escrowed Shares into a takeover bid made under Chapter 6 of the Corporations Act in respect of all the Shares that is or has become free of any defeating conditions (other than a condition in respect of the events listed in section 652C of the Corporations Act);
- (b) have their escrowed Shares transferred or cancelled as part of the transfer or cancellation of all the Shares as part of a scheme of arrangement under Part 5.1 of the Corporations Act; or
- (c) otherwise deal with their escrowed Shares as may be required by applicable law or order of a court of competent jurisdiction,

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

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

## **5.3 Underwriting Agreement**

The Company entered into an Underwriting Agreement with Ndovu as part of a number of inter-conditional transactions entered into on 20 April 2016. Pursuant to the Underwriting Agreement, the Underwriter agreed to conditionally underwrite the Offer in full.

The conditions to the Underwriter's underwriting obligations will be satisfied upon Transaction Completion. The Underwriter's ability to terminate its underwriting obligations under the Underwriting Agreement will also cease to apply from the date of Transaction Completion. As noted in Section 1.5, the Offer is conditional upon Transaction Completion occurring.

The Company must provide the Underwriter with notice of the number of New Shares for which valid Applications are not received by the Company by the Closing Date (either under the Entitlement Offer or the Shortfall Offer) within 3 Business Days of the Closing Date, and the Underwriter must apply for this remaining Shortfall within 6 Business Days of receiving this notice.

If the Company issues a supplementary or replacement prospectus with respect to this Prospectus, the Company must provide the Underwriter with notice of any Applications received from Eligible Shareholders which have been withdrawn during the period required by the Corporations Act. The Underwriter must apply for the Shares the subject of such withdrawn applications within 6 Business Days of receiving this notice from the Company.

The Company agreed to pay the Underwriter a commission of 3% of the amount to be raised by the Entitlement Offer, less the amount to be raised by the subscription by the Underwriter in its capacity as an Eligible Shareholder for its Entitlement (which it has committed to take up). This commission is to be paid in Shares at a deemed issue price of \$0.01 per Share.

The Company must pay and will indemnify and keep indemnified the Underwriter against and in relation to, all costs and expenses of and incidental to the Offer, including but not limited to legal expenses, marketing and promotional materials and expenditure, travel and accommodation costs, and all communication costs and couriers. The Underwriter must obtain the Company's consent before incurring any single expense which will exceed \$2,000.

The Underwriter may set-off all amounts payable to it under the above against any payment obligation owed by the Underwriter to the Company in relation to its underwriting obligations.

Standard representations and warranties, covenants and indemnities for an agreement of this type were agreed.

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

- (a) the Underwriting Agreement is provided on terms which are considered more favourable to the Company than market standard terms which may be obtained from a third party;
- (b) Ndovu will not benefit from the proposed use of funds raised pursuant to the Offer, other than as a holder of Shares and the underwriting commission;
- (c) it is the view of the Directors that the offer period for the Offer will provide Eligible Shareholders with a reasonable opportunity to accept their Entitlements; and
- (d) Shareholders have been provided with the option for subscribing for Shortfall Shares in excess of their Entitlement.

Shareholder approval for the issue of the Underwritten Shares (including the Shares to be issued in satisfaction of the underwriting commission) was obtained at the General Meeting.

## 5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.5 below). Copies of all documents announced to the ASX can be found at <http://www.regalresources.com.au/asx-releases>.

## 5.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2015 and half-year ended 31 December 2015, being the last two financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
- (b) the following notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in paragraph (a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
30/06/2016	Results of Meeting
29/06/2016	Eucalyptus Gold Mines Claim Update
24/06/2016	Response to ASX Price Query
24/06/2016	Ceasing to be a substantial holder
16/06/2016	Rights issue timetable update
15/06/2016	Change of address
09/06/2016	Legal proceedings
03/06/2016	Scoping study update

Date lodged	Subject of Announcement
30/05/2016	Notice of General Meeting/Proxy Form
27/05/2016	Change in substantial holding
11/05/2016	Ceasing to be a substantial holder
11/05/2016	Change in substantial holding
04/05/2016	Appendix 3B
29/04/2016	Quarterly Activities Report
29/04/2016	Quarterly Cashflow Report
22/04/2016	Becoming a substantial holder
21/04/2016	ASX grants listing rule waiver
20/04/2016	Reinstatement
20/04/2016	Acquisition and financing update
13/04/2016	Suspension
11/04/2016	Trading Halt
01/04/2016	Change of External Auditor
16/03/2016	Half Year Accounts
07/03/2016	Initial Director's Interest Notice
07/03/2016	Director Appointment/Resignation
26/02/2016	Kalongwe Mining Update
29/01/2016	Quarterly Cashflow Report
29/01/2016	Quarterly Activities Report
19/01/2016	Final Director's Interest Notice
19/01/2016	Director Resignation
06/01/2016	Appendix 3B
18/12/2015	Corporate update
18/12/2015	Reinstatement to Official Quotation
18/12/2015	Funding update

Date lodged	Subject of Announcement
02/12/2015	Suspension from Official Quotation
30/11/2015	Results of AGM
30/11/2015	Trading Halt
26/11/2015	Financing update
30/10/2015	1st Quarter Activities and Cashflow Report - 30 Sept 2015

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company at Unit 2, 8 Corbusier Place, Balcatta, Western Australia, 6021:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.12 and the consents provided by the Directors to the issue of this Prospectus.

## 5.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

## 5.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

## 5.8 Interests of Directors and Proposed Directors

### (a) Proposed Director

The Company announced on 20 April 2016 that it is intended that with effect from the close of the Entitlement Offer, Mr Mark Arnesen will become the Chief Executive Officer and an Executive Director of the Company.

#### Experience

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

Financial Director and held the position until the company was taken over by Randgold Resources Limited (and held through a joint venture with AngloGold Ashanti Limited) in late 2009.

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

#### Key terms of Employment Agreement

The Company has entered into a conditional Employment Agreement with Mr Arnesen which will come into effect on the date of completion of the Entitlement Offer.

Term: No fixed term. Commencement upon completion of the Offer under this Prospectus.

Remuneration (Base Salary): \$240,000 per year (excluding superannuation).

Remuneration (Incentives): An annual long term incentive package of Securities up to a maximum equivalent to 1% of the issued Shares of the Company.

Termination:

- (i) The Company has standard summary termination rights upon the provision of written notice to Mr Arnesen.
- (ii) Either Mr Arnesen or the Company may terminate the Employment Agreement upon the provision of written notice to the other party.

#### Current consultancy agreement

Under the terms of Mr Arnesen's consultancy agreement with the Company, the parties agreed for Mr Arnesen's consultancy fees in respect of the Transaction to be partially paid in Shares. The number of Shares to be issued is the equivalent to 2.5% of the Shares on issue upon completion of the Entitlement Offer. Accordingly, at the General Meeting, Shareholders approved the issue of up to 69,749,429 Shares to Mr Arnesen (or his nominees).

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

- (i) completion of the Entitlement Offer;
- (ii) the Company receiving all Shareholder approvals for the issue of the Shares; and

- (iii) Mr Arnesen becoming appointed as the chief executive officer and/or an executive director of the Company.

Accordingly, it is intended that these Shares will be issued on or about 11 August 2016. As these Shares will be issued after the Record Date, Mr Arnesen will have no Entitlement under the Entitlement Offer.

In addition to the equity component of Mr Arnesen's consultancy agreement with the Company, the parties also agreed for Mr Arnesen to be paid a fee of \$20,000 per month. As at the date of this Prospectus, Mr Arnesen has earned fees totalling \$100,000.

(b) **Security holdings**

The relevant interest of each of the Directors and the Proposed Director in Securities as at the date of this Prospectus is set out below.

No Securities will be issued to the Directors or the Proposed Director as part of Transaction Completion.

Director	Position	Shares	Options	Entitlement
Mr David Young <sup>1</sup>	Non-Executive Director	3,901,333	10,000,000	1,950,667
Dr Simon Dorling <sup>2</sup>	Non-Executive Director	455,000	3,000,000	227,500
Dr Peter Ruxton	Non-Executive Director	Nil	Nil	Nil
Mr John Hodder	Non-Executive Director	Nil	Nil	Nil
Mr Mark Arnesen <sup>3</sup>	Proposed Executive Director	Nil	Nil	Nil

**Notes:**

1. Mr Young's interests are 3,901,333 Shares and 10,000,000 Options (exercisable at \$0.08 each on or before 31 October 2017) held directly by him.
2. Dr Dorling's interests are 455,000 Shares and 3,000,000 Options (exercisable at \$0.08 each on or before 31 October 2017) held indirectly through Dr Simon Dorling and Barbara Dorling as trustees for the Dorling Family Trust.
3. At the General Meeting, Shareholders approved the issue of up to 69,749,429 Shares to Mr Mark Arnesen. This issue of Shares is intended to occur upon completion of the Offer.

Mr Young has indicated his intention to subscribe for his full Entitlement up to 1,950,667 Shares (\$19,507) and Dr Dorling has indicated his intention to subscribe for his full Entitlement up to 227,500 Shares (\$2,275).

(c) **Remuneration of Directors**

The Constitution of the Company provides that the non-executive directors are entitled to be paid an amount of fees which does not in any year exceed in aggregate the amount last fixed by ordinary resolution, or consist of a commission on or percentage of profits or operating revenue. The aggregate amount last fixed by ordinary resolution is \$300,000 (at the annual general meeting held on 29 November 2012). This aggregate amount is to be allocated among the non-executive directors equally, having regard to the proportion of the relevant year for which each director held office, or as otherwise decided by the Board. The amount may also be provided in a manner the Board decides, which may include provision of non-cash benefits, in which case, the Board must also decide the manner in which the value of those benefits is to be calculated.

The remuneration of executive directors is to be fixed by the Board. The Company does not currently have any executive directors. The remuneration for the Proposed Director (a proposed executive director) is summarised in Section 5.8(a).

The Constitution also provides that:

- (i) if a director, at the request of the Board and for the purposes of the Company, performs extra services or makes special exertions (including going or living away from the director's usual residential address), the Company may pay that director a fixed sum set by the Board for doing so. Such remuneration may be either in addition to or in substitution for any other remuneration to which that Director is entitled under the Constitution; and
- (ii) the Company must pay a director (in addition to any remuneration) all reasonable expenses (including travelling and accommodation expenses) incurred by the director in attending meetings of the Company, the Board, or a committee of the Board, on the business of the Company, or in carrying out duties as a director.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last two financial years, inclusive of directors fees, consultancy fees and share-based payments.

Director	FY ended 30 June 2015	FY ended 30 June 2016
Mr Angus Edgar <sup>1</sup>	120,000	-
Mr David Young <sup>2</sup>	355,367	213,333
Mr John Hodder <sup>3</sup>	-	12,687
Mr Mark Savich <sup>4</sup>	42,677	20,000
Dr Peter Ruxton <sup>5</sup>	14,685	40,000

Mr Rohan Gillespie <sup>6</sup>	80,000	-
Dr Simon Dorling <sup>7</sup>	42,517	40,000

**Notes:**

1. Mr Angus Edgar resigned 9 June 2015
2. Mr David Young resigned as an executive director effective 29 February 2016 and is currently a non-executive director.
3. Mr John Hodder was appointed 7 March 2016.
4. Mr Mark Savich was appointed 4 July 2014 and resigned 15 January 2016.
5. Dr Peter Ruxton was appointed 17 February 2015.
6. Mr Rohan Gillespie resigned 9 June 2015.

**(d) Information disclosed in this Prospectus**

Other than as set out in this Prospectus, no Director or Proposed Director, holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with:
  - (A) its formation or promotion; or
  - (B) the Offer; or
- (iii) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (A) the formation or promotion of the Company; or
  - (B) the Offer.

## **5.9 Related party transactions**

There are no related party transactions involved in the Offer that are not otherwise described in this Prospectus.

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

As a result of the issue of the Ndovu Subscription Shares and the issue of Shares to Ndovu pursuant to the Underwriting Agreement, Ndovu will obtain a significant voting power in the Company. The Company and its Directors will comply with all applicable laws and the Listing Rules in relation to any future dealings between Ndovu and the Company, including:

- (a) obtaining any Shareholder approvals for transactions between Ndovu and the Company, where required by applicable law or the Listing Rules; and
- (b) the Directors' duties and obligations to the Company, including in relation to material personal interests and other conflicts of interest and, more generally, to act in the best interests of the Company as a whole.

## 5.10 Interests of other persons

Except as disclosed in this Prospectus, no underwriter, expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

## 5.11 Expenses of Offer

The estimated expenses of the Offer are as follows:

	\$
ASIC lodgement fee, ASX quotation fee, share registry fee	21,476
Legal fees and expenses	30,000
Printing, mailing, advertising & miscellaneous	40,000
<b>Total</b>	<u>91,476</u>

## 5.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, the Underwriter, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Bellanhouse Legal has given its written consent to being named as the Australian corporate solicitors to the Company in this Prospectus. Bellanhouse Legal has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Advanced Share Registry Services has given its written consent to being named as the share registry to the Company in this Prospectus. Advanced Share Registry Services has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

The Underwriter has given its written consent to being named as the underwriter to the Offer under this Prospectus. The Underwriter has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

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## 6. Directors' Statement and Consent

This Prospectus is authorised by each of the Directors and the Proposed Director of the Company.

This Prospectus is signed for and on behalf of Company by:



**Patrick Holywell**  
**CFO & Company Secretary**

Dated: 4 July 2016

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## 7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**\$US or USD** means United States dollars.

**Advanced Share Registry** means Advanced Share Registry Ltd (ACN 127 175 946) (trading as Advanced Share Registry Services).

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

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

**Afrimines Share Consideration** means the 159,256,802 Shares to be issued to Afrimines pursuant to the Settlement Agreement.

**Applicant** means a person who submits an Application Form.

**Application Form** means the Application Form provided by the Company with a copy of this Prospectus.

**Application Monies** means the amount of money in dollars and cents payable for Shares at the Offer price per Share pursuant to the Offer.

**ASIC** means Australian Securities and Investments Commission.

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

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

**CHESS** means ASX Clearing House Electronic Sub-register System.

**Closing Date** means 5:00pm (WST) on the closing date identified in the proposed timetable.

**Company** means Regal Resources Limited (ACN 106 294 106).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

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

became a party to the convertible loan agreement) and the second deed of amendment and restatement dated 20 April 2016.

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

**Directors** mean the directors of the Company as at the date of this Prospectus.

**DRC** means the Democratic Republic of the Congo.

**ECP Convertible Loan Shares** means the 105,643,902 Shares to be issued to ECP upon conversion of the Loan (plus interest) in accordance with the Convertible Loan Agreement.

**ECP** means Exploration Capital Partners 2005 Limited Partnership.

**Eligible Shareholder** means a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date whose registered address is in Australia or, subject to the offer restrictions in Section 1.16, the British Virgin Islands, DRC, Gibraltar, Netherlands, New Zealand, or United Kingdom.

**Entitlement** means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being one New Share for every existing two Shares held on the Record Date.

**Entitlement Offer** means the offer of approximately 925,336,148 New Shares to Eligible Shareholders in the proportion of one New Share for every two existing Shares held on the Record Date under this Prospectus.

**General Meeting** means the meeting of Shareholders held on 30 June 2016.

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

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

**GICC Share Consideration** means the 166,556,072 Shares to be issued to GICC pursuant to the GICC Sale Agreement.

**Ineligible Foreign Shareholder** means a person registered as the holder of Shares as at 5:00pm (WST) on the Record Date who is not an Eligible Shareholder.

**Issuer Sponsored** means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

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

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

**Listing Rules** means the listing rules of ASX.

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

**Ndovu Convertible Loan Securities** means the 279,273,345 Shares to be issued to Ndovu upon conversion of the Loan (plus interest), plus 30,000,000 Options to be issued to Ndovu, in accordance with the Convertible Loan Agreement.

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

**Ndovu Subscription Shares** means the 697,412,077 Shares to be issued to Ndovu pursuant to the Subscription Agreement

**New Share** means a Share to be issued pursuant to this Prospectus.

**Offer** means an offer under this Prospectus to subscribe for New Shares.

**Option** means an option to acquire a Share.

**Optionholder** means the holder of an Option.

**Proposed Director** means Mr Mark Arnesen.

**Prospectus** means this prospectus dated 4 July 2016.

**Record Date** means 5:00pm (WST) on the record date identified in the proposed timetable.

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

**Section** means a section of this Prospectus.

**Securities** means Shares and/or Options.

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

**Shareholder** means the holder of a Share.

**Shortfall Offer** means the offer of Shortfall Shares under this Prospectus.

**Shortfall Shares** means Entitlements not subscribed for under the Entitlement Offer.

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

**Transaction Completion** means completion of the Transactions.

**Transactions** means the transactions provided for under the following agreements:

- (a) the Traxys Sale Agreement;
- (b) the GICC Sale Agreement;
- (c) the Subscription Agreement;

- (d) the Convertible Loan Agreement;
- (e) the Underwriting Agreement;
- (f) the Afrimines Settlement Agreement; and
- (g) the Consultancy Agreement with Bankes Holdings Limited.

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

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

**Traxys Share Consideration** means the 199,071,002 Shares to be issued to Traxys pursuant to the Traxys Sale Agreement.

**Underwriter** means Ndovu.

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

**WST** means Western Standard Time.

## Schedule 1 - Terms and Conditions of Options

1. The exercise price of the Options is \$0.06 each, and the expiry date is 60 months after issue.
2. Each Option entitles the holder, when exercised, to one Share.
3. The Options are not transferable without the prior written consent of the Company, except that the Option holder may transfer the Options to any of its related bodies corporate without the prior written consent of the Company.
4. The Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the Option holder to exercise a specified number of Options, accompanied by an Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
5. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares.
6. The Company will:
  - (a) apply to ASX for official quotation of the Shares issued on exercise of the Options; and
  - (b) give to ASX a notice under section 708A(5)(e) of the Corporations Act within 5 Business Days of the issue of the Shares, unless it cannot meet the criteria in "case 1" of section 708A of the Corporations Act, in which case the Company will comply with the criteria in "case 2" of section 708A of the Corporations Act and issue a disclosure document under chapter 6D.2 of the Corporations Act as soon as reasonably practicable after the date of exercise of the Options and in any event within 20 Business Days of that date (and until the Company has issued the disclosure document, the Subscriber may only transfer the relevant Shares to a person satisfying the requirements of section 708(8), (10) or (11) of the Corporations Act).
7. The Company does not intend to seek quotation of the Options.
8. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of Options to Shareholders during the currency of the Options. However, the Company will ensure that, for the purpose of determining entitlements to any issue, Option holders will be notified of the proposed issue at least four business days before the record date of any proposed issue. This will give Option holders the opportunity to exercise the options prior to the date for determining entitlements to participate in any such issue.
9. In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the ASX Listing Rules.
10. There will be no change to the exercise price of the Options in the event the Company makes a pro rata rights issue of securities.