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4 July 2016

Dear Option Holder

**NOTICE TO OPTION HOLDERS OF NON-RENOUNCEABLE PRO RATA ENTITLEMENT OFFER**

We write to you as the registered holder of shares in Regal Resources Limited (**Company**) (ASX:RER) as at today's date.

As advised in the Company's ASX announcement dated 4 July 2016, the Company is undertaking a non-renounceable pro rata entitlement offer to eligible shareholders at an issue price of \$0.01 per new share (**New Shares**) on the basis of 1 New Share for every 2 shares held at the record date of 14 July 2016 (**Record Date**) (**Offer**).

Pursuant to the Offer, the Company will issue up to 925,336,148 New Shares to raise approximately \$9,253,000 before costs. The Offer is being fully underwritten by Ndovu Capital VI B.V (**Ndovu**).

The Offer is conditional upon the completion of the Transactions (as defined in the Prospectus). If the Transactions are not completed on or prior to the Record date, then the Offer will be withdrawn.

The Offer will be available to all shareholders of the Company registered on the Record Date whose registered address is in Australia or subject to the offer restrictions in section [1.16] of the Prospectus, the British Virgin Islands, Democratic Republic of the Congo, Gibraltar, Netherlands, New Zealand, or United Kingdom (**Eligible Shareholders**).

A prospectus in relation to the Offer was lodged with ASIC on 4 July 2016 and announced on the ASX market announcements platform on 4 July 2016 and is intended to be sent to Eligible Shareholders on 19 July 2016.

Under the terms of the options you currently hold, there is no entitlement to participate in the Offer (in respect of your options) unless you exercise your options, and are entered onto the register as a shareholder of the Company by the Record Date.

If you do not wish to participate in the Offer (in respect of your options), no action is required. Before deciding whether to exercise all or any of your options, you should consider the Prospectus carefully and if in any doubt, consult with your professional advisor.

If you require clarification on any of the above matters, please contact the Company's Share Registry on +61 8 9389 8033 or the undersigned on +61 8 9240 8766.

Yours faithfully



Patrick Holywell  
CFO & COMPANY SECRETARY