

29 January 2016

ASX Code: **RER**

QUARTERLY ACTIVITIES REPORT DECEMBER 2015

HIGHLIGHTS

Kalongwe Mining SA Joint Venture

- Initial results of the comprehensive metallurgical testwork program have indicated it should be feasible to produce a >20% copper concentrate from processing copper oxide ore through an HMS plant. Results also indicate that overall the oxide ore has a low gangue acid consumption.

Regal-Ivanhoe Joint Venture

- Ivanhoe Mines confirmed that all of the five permits that make up the joint venture have been extended for a further five years.
- A technical review of all available technical data covering the JV area was completed. A number of new target areas were identified and the review confirmed the highly prospective nature of the area covered by the permits.
- Work programs and a budget have been prepared for detailed field investigation during the coming field season.

Corporate

- The convertible loan financing facility ("Loan Agreement") was amended with an affiliate of Sprott Inc. providing a further \$1 million to Regal. The Loan Agreement was also extended by six months. Regal and Tembo have also agreed to re-negotiate the terms of their Tranche 2 investment.
- Continued advanced negotiations with Traxys over the acquisition of its 30% interest in Kalongwe Mining SA.
- Mr Patrick Holywell was appointed as Chief Financial Officer while Mr David Young will be resigning as Chief Executive Officer for reasons of health.
- Annual General Meeting held in November 2015.
- Completed the relocation of the corporate office to Perth.

The Directors of Regal Resources Limited (**ASX: RER**) (“Regal” or “the Company”) are pleased to present their Quarterly Activities Report for the period ended 31 December 2015.

Kalongwe High-Grade Copper-Cobalt Project (Katanga Province, DRC)

Overview

The Kalongwe deposit is the Company’s flagship Project. It is located in the Katanga Province of the DRC and is situated towards the western end of the world-class Central African Copperbelt (Figure 1).

It hosts a near-surface oxide JORC resource of 302,000t contained copper and 42,000t contained cobalt (See Appendix 1 and ASX: RER, 5 February 2015 for further details).

A Scoping Study (or “the Study”) has been completed to evaluate the viability of developing a stand-alone mining operation at Kalongwe utilising an HMS plant to produce a high-grade copper/cobalt concentrate. The Study was based on the Measured and Indicated categories of the JORC resource.

The results of the Study have highlighted the potential to fast-track the development of an open-pit mining operation at Kalongwe. The Kalongwe permit is covered by a mining licence that was granted last year and is valid for an initial period of thirty years.

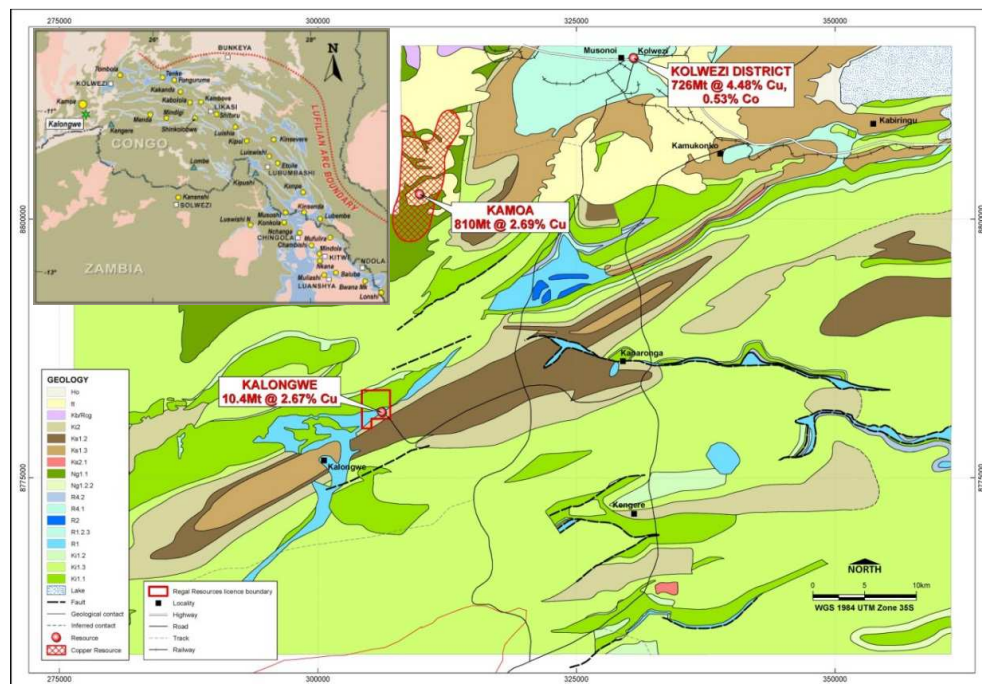


Figure 1: Map of the western Congoles part of the African Copperbelt (CACB) and the location of the Kalongwe Project relative to principal Cu-Co deposits in the region. Inset shows location of Kalongwe in the context of the CACB.

Metallurgical Testwork

During the quarter, progress was made in the phase 2 metallurgical testwork program being carried out by ALS Metallurgical Laboratory in Perth. Mineralogical characterisation, leachability and density separation testing was conducted on three sample composites.

Each of the composite samples reflects one of the three main periods over the LOM (life of mine) when potentially different ore and grade types will be mined. The results of the mineralogical characterisation of copper and cobalt mineralisation is based on a combination of QEMSCAN, X-ray diffraction and SEM-EDS analysis.

The mineralisation is typical for the copper belt. Malachite is the dominant copper mineral for all composites, accounting for 60% to 70% of the total copper. The other copper-bearing oxide minerals include chrysocolla (~12 %) and pseudomalachite (7 %). Copper sulphide minerals include chalcocite, digenite and/or covellite.

The oxide mineral heterogenite accounts for approximately 95% of the cobalt in the deposit. It displays little or no association with the copper minerals.

The results of the sequential leach testing and acid consumption tests indicated that the copper dissolution is very close to the total acid soluble copper. All three sample composites had a low GAC (gangue acid consumption). This is a very positive outcome indicating that the oxide ore from the deposit should be amenable to leaching.

The preliminary results of the Heavy Liquid Testing (HLS) on all three of the composite samples indicate that it should be feasible for an HMS plant to produce a >20% copper concentrate.

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

Overview

The Company has entered into a JV agreement with Ivanhoe Mines Ltd (TSX:IVN, “Ivanhoe”) to acquire up to a 98% interest in a package of five highly prospective tenements, covering an area of approximately 350 sq. km., located in the Central African Copperbelt, Katanga Province, DRC, (Figure 2), (ASX: RER, 22 April 2015).

The JV area contains regional scale anticlinal folds, faults and thrust structures. These are considered to offer high-quality exploration targets as they can present windows onto the mineralised rocks of the Lower Roan Mine Series (Figure 2).

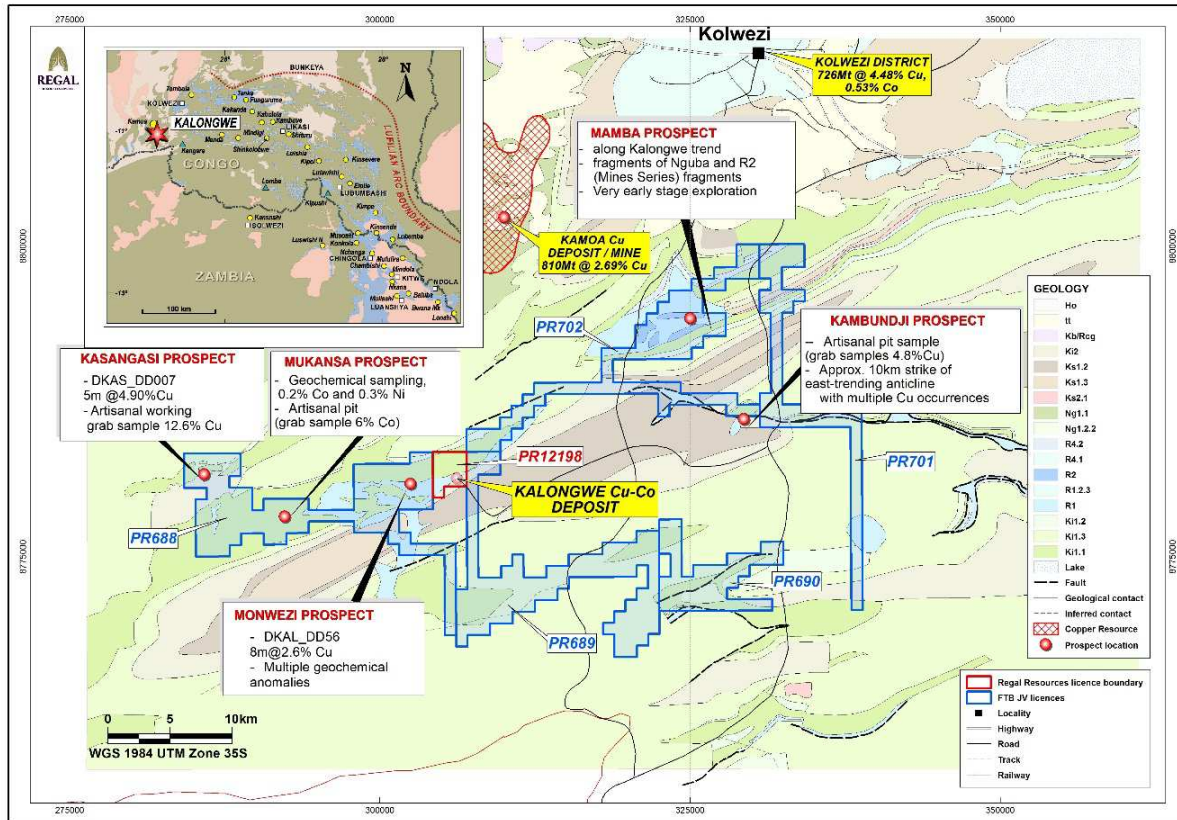


Figure 2: Location map of the FTBJV licences, significant copper deposits and regional towns and delineated exploration targets within the FTBJV area.

Ivanhoe has confirmed that all five permits have been renewed for a further five years.

During the quarter, the Company completed a review that included an interpretation of the airborne geophysical data. A number of new target areas were identified as meriting follow-up exploration and the work showed that the permits were under-explored and considered to be highly prospective.

Interpretation of regional geophysical data indicates there is stratigraphic continuity across an intensifying structural fabric from the Kamoia region, where Ivanhoe has delineated a major copper deposit, to the Kalongwe-Kolwezi region.

Ivanhoe recently announced on 25 January 2016 that they had made a major new copper discovery, the Kakula discovery that lies within the Kamoia mining licence area and is approximately 10km north of the Kalongwe deposit. The discovery further emphasises the prospectivity of rock formations other than the Roan hosting significant copper mineralisation in the region.

The Company believes that there is potential in its licence areas for discovery of copper mineralisation of the "Kamoia-type" in the post-Roan strata as highlighted by the Kisangasi prospect (Figure 2).

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The Company plans to conduct a program of geological mapping and sampling, trenching, RC (reverse circulation) and diamond drilling to test the targets identified from the geological review during the 2016 field season.

Corporate

In December 2015, Regal announced amendments to the convertible loan financing facility agreement ("Loan Agreement") and Strategic Relationship and Subscription Agreement with Tembo Capital Mining Fund Group ("Tembo"). An affiliate of Sprott Inc. ("Sprott") (TSX:SII), Exploration Capital Partners 2005 Limited Partnership ("ECP") agreed to provide a further \$1 million to Regal and the Loan Agreement, now jointly provided by Ndovu Capital VI B.V. ("Ndovu", an affiliate of Tembo) and ECP, was extended for six months.

As announced earlier in 2015, Regal signed a Strategic Relationship and Subscription Agreement ("Strategic Agreement") with Tembo whereby, among other things, a Tranche 2 investment totalling \$5.1 million by way of a share placement would be undertaken. Tranche 2 was subject to various conditions including the completion of the previously announced transaction between Traxys and the Company.

Due to the passage of time, Regal and Tembo agreed to re-negotiate the terms of the Tranche 2 investment. Tembo is one of the largest shareholders in Regal and continues to support the Company as Regal works towards achieving its objective of developing the Kalongwe deposit in the Democratic Republic of Congo. Regal also continued advanced negotiations with Traxys over the acquisition of its 30% interest in Kalongwe Mining SA.

Although Regal is in advanced negotiations with Tembo in relation to the further investment, and Traxys in relation to the proposed acquisition, Regal cautions investors that there is no certainty that agreements will be reached. In addition, in the event that agreements are reached, completion of the agreements would be subject to a number of conditions precedent and there is no certainty that the transactions would complete. The Company will provide an update to the market when possible.

During the quarter, Mr Patrick Holywell was appointed as Chief Financial Officer. Mr Holywell has a strong background in the resources industry and has 12 years of experience in the accounting and finance sectors including experience with ASX listed companies and employment at Deloitte and Patersons. He holds a Graduate Diploma of Chartered Accounting from the Institute of Chartered Accountants in Australia and a Bachelor of Commerce Degree from the University of Western Australia. He is also a member of the Australian Institute of Company Directors.

Regal also announced that Mr David Young would step down from his position as Chief Executive Officer of the Company on 29 February 2016 for reasons of health. He has agreed to remain involved with the Company as a non-executive director.

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In November, Regal held its Annual General Meeting where all resolutions were passed on a unanimous show of hands.

The Company also completed the relocation of the corporate office from Melbourne to Perth.

At the end of the quarter, Regal had cash reserves of ~\$1.3 million (unaudited) with ordinary shares on issue of ~218 million (unaudited).

For further information, please contact:

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Competent Persons Statements

Scientific or technical information in this release that relates to Exploration Results has been prepared by Mr David Young and Dr Simon Dorling, the Company's Managing and Technical Directors. Mr David Young is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and Dr Simon Dorling is a member of the Australasian Institute of Geoscientists (MAIG) and both have sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr David Young and Dr Simon Dorling consent to the inclusion in this report of the information, in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. David Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David Williams consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this document relating to the Kalongwe Cu-Co Deposit Resource estimate is extracted from the Company's ASX announcement entitled *'Upgraded JORC Resource at Kalongwe 302,000t Copper and 42,700t Cobalt'* dated 5 February 2015 and is available to view on www.regalresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that, in the case of Mineral Resources or Ore Reserves, all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Assumptions on the metallurgical test work program and interpretation as related to the broader Scoping Study are provided by Mr Graeme Miller. Mr Miller is a Director of Miller Metallurgical Services Pty Ltd, (Brisbane, Australia), and is a Fellow of the AusIMM CP. Mr Miller has sufficient relevant experience to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Reserves". Mr Miller has consented to the inclusion of this information in the document in the form and context in which it appears.

Under the JORC Code (2012), Clause 9, consent has been sought and obtained, where applicable, from the Competent Persons listed above for any initial public release of information related to this report.

APPENDIX 1 – KALONGWE CU-CO PROJECT MINERAL RESOURCE ESTIMATE

As per ASX Announcement 5 February 2015:

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

Notes:

1. The Cu only domains were reported by selecting blocks with Cu >= 0.5%.
2. The Co only domains were reported by selecting blocks with Co >= 0.2%.
3. The Mixed Domains (blocks located within overlapping Cu and Co domains) were reported by selecting blocks with Cu >= 0.5%. The Co grade from these blocks was also reported.
4. *It is assumed for the purposes of this Mineral Resource that Cu grades in the Co only domains, and Co grades in the Cu only domains are 0%, although low grade mineralisation was recorded in sample assays. Therefore the reported Cu% and Co% grades are diluted, where they are reported in the other domains.

APPENDIX 2 – INTERESTS IN TENEMENTS

Project/ tenements	Location	Held at end of quarter	Acquired during the quarter	Disposed during the quarter
Kalongwe Project: PR12198	Democratic Republic of Congo	30%		