203 – 2780 Granville Street
Vancouver, British Columbia
CANADA V6H 3J3
Ph: 604-730-0234 / Fx: 604-730-0967

INTRODUCTION

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Regal Resources Inc. ("Regal" or the "Company") and compares its financial results for year ended July 31, 2012 to the prior year. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the years ended July 31, 2012 and 2011. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). A reconciliation of Canadian generally accepted accounting principles ("GAAP") to IFRS is disclosed in Note 14 of the consolidated financial statements.

This MD&A contains certain statements that may constitute "forward-looking statements." Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility."

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

DATE

This MD&A reflects information available as at November 28, 2012.

OVERALL PERFORMANCE

During the fiscal year ended July 31, 2012, the Company incurred $653,105 in mineral property acquisition costs and expenditures and $694,307 in mineral property exploration expenditures. A further discussion of the analysis of the Company's financial condition and, performance for the year ended July 31, 2012 compared to the same period in the prior year is contained on page 8 of this MD&A.

Regal has no revenue as of yet, nor does the Company conduct any mining activity. Therefore, at this time there are no relevant statistics for financial or operational performance. During the fiscal year ended July 31, 2012, the Company announced its decision to terminate its option to purchase the Squaw Peak Property following unfavourable results from a drill program completed on the property during the period. Accordingly, as at July 31, 2012, the Company wrote-off its investment in the properties in the amount of $1,013,332. The Company continues to explore its remaining property, the Patagonia Property, located in Santa Cruz County, Arizona.

OUR BUSINESS

The Company's shares were listed on the Canadian National Stock Exchange ("CNSX") under the symbol RGR and commenced trading on May 11, 2009.

The Company's activities are primarily directed towards exploration and development of mineral interests. The Company has financed its current exploration and development activities principally by the issuance of common shares or units.
The recoverability of costs capitalized to mineral property interests is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their development and future profitable operations, or the sale of the properties.

The Company knows of no trends, demands, commitments, events or uncertainties outside of the normal course of business that may result in the Company's liquidity either materially increasing or decreasing at the present time or in the foreseeable future.

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economical.

Although the Corporation has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

The Company has no significant source of operating cash flow and no revenues from operations. None of the Company's mineral properties currently have reserves. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish ore reserves.

The property interests owned by the Company are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral exploration may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

The Company currently has limited working capital and incurs significant expenses on an on-going basis by virtue of being a public company, and this represents a significant risk factor. The Company will therefore require additional financing to carry on its business, and such financing may not be available when it is needed.

Material increases or decreases in the Company's liquidity are substantially determined by the success or failure of the Company's exploration programs and overall market conditions for smaller resource companies. The Company is not aware of any seasonality in the business that may have a material effect upon its financial condition, other than those normally encountered by public reporting junior resource companies.

The Company is not aware of any changes in the results of its operations that are other than those normally encountered in its ongoing business.

MINERAL PROPERTY INTERESTS

Squaw Peak Property, Yavapai County, Arizona

The Company entered into an option agreement (the "Agreement") dated January 11, 2010 to acquire forty unpatented mining claims located in Yavapai County, Arizona (the "Property").

On April 29, 2011 the Company announced the completion of an Updated Report and Resource Estimation for its Squaw Peak Property. The author of the Updated Report and Resource Estimate dated April 25, 2011 believes the interpretations and exploration model conceived and refined by MinQuest, American Copper and Regal to be valid and worthy of continued testing. The abundance of copper in soil coupled with a magnetic low to the north of the Squaw Peak intrusion provides evidence for a larger mineralizing system at depth.

Subsequent to the completion of the Updated Report and Resource Estimation dated April 25, 2011, the Company received a letter from the British Columbia Securities Commission outlining the Company's failure to file technical reports in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") with respect to both its Patagonia (Sunnyside) and Squaw Peak properties.

The Company completed three core drill holes in 2011 with a combined depth of approximately 4,500 feet (1,371 meters). Core from all three drill holes has been sent to an Assay lab for analysis. The three hole program tested extensions of both the near surface mineralized zone, as well as the theorized deep seated porphyry system.

On April 9, 2012, the Company announced that it had engaged SRK Consulting (Canada) Inc., through its Toronto office, to prepare in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* a technical report on the Company's Squaw Peak project. See "Continuous Disclosure Review and Cease Trade Orders".

On April 25, 2012, the Company announced it had received assays from its latest drill program at the Squaw Peak Project. This drill program consisted of three core holes totaling 4,393 feet (1,339 meters). The primary target was a major deep intrusive thought to be the source of the Squaw Peak intrusive and other intrusive/breccia bodies associated with near surface copper, molybdenum and silver mineralization. SP1101, a vertical hole, drilled 2,000 feet (610 meters) north-northwest of the outcropping Squaw Peak mineralization, intersected increasing vein density with depth including 140 feet (43 meters) of +0.30% copper equivalent between 1,605 feet (489 meters) and 1,862.5 feet (568 meters). The hole was abandoned at 1,242 feet (378 meters) due to a lack of significant alteration or veining.

On May 30, 2012, the Company announced its decision to terminate its option to purchase the Property following unfavourable results from a recent drill program on the Property. Notice of termination has been given by the Company to the optionor in accordance with the terms of the Agreement. Accordingly, as at July 31, 2012, the Company wrote-off its investment in the properties in the amount of $1,013,332. Regal had spent over $500,000 on Squaw Peak exploration as at July 31, 2012.

The Company holds a reclamation bond with the Bureau of Land Management for US$20,160 (Cdn$20,188) for remediation work. Subsequent to the year, the Company has applied for a refund of the bond.

Patagonia Property, Santa Cruz County, Arizona

The Company entered into an option agreement (the "Agreement") dated January 11, 2010 to acquire 280 mining claims located in Santa Cruz County, Arizona (the "Property"). The Patagonia property was optioned from Minquest Mineral Exploration as there was a reported deep porphyry copper, molybdenum and silver target roughly centered over the Sunnyside mine located on the property.

The option would have been considered to have been exercised in full and the Company to have earned a 100% undivided beneficial right, title and interest in the Property, when the Company: reimbursed all costs of acquisition associated with the property, made cash payments of US$810,000, issued 2,000,000 common shares of the Company, and incurred US$25,500,000 in exploration expenditures. The optionor retained a 3% net smelter royalty.

Pursuant to the original agreement, on November 17, 2011 an amendment was made to the Patagonia option agreement allowing the Company an additional 18 months to meet certain exploration expenditures related to the original option agreement.

Information obtained from the Arizona Department of Mines and Minerals, historical drill core, maps, and other sources confirm the presence of a porphyry system at depth, a skarn system adjacent to the porphyry deposit and near surface chalcocite deposits above the porphyry system. Additional information was provided through US Geological Survey publications and Arizona Geological Society field trip guides. This data includes history, geologic mapping, age dating and geochemical sampling.

In late 2010 the Company acquired historic core from ASARCO and initiated a detailed logging, cataloguing, and sampling program. The historic core sampling results indicate significant intervals of high grade zinc-lead-silver-copper mineralization on the Patagonia Project's Skarn Target. This new information may help identify and prioritize targets for drilling.

On December 12, 2011 the Company announced the completion of a Technical Report on the Patagonia property. The technical report titled *"Sunnyside Project, Santa Cruz County, Arizona Technical Review, dated December 6, 2011"* is available on SEDAR as well as the Company's website. In addition to the report the Company expanded its total number of claims in and around the Patagonia property from 280 to 295.

Subsequent to the completion of the technical report title "*Sunnyside Project, Santa Cruz County, Arizona Technical Review, dated December 6, 2011"*, the Company received a letter from the British Columbia Securities Commission outlining the Company's failure to file technical reports in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") with respect to both its Patagonia (Sunnyside) and Squaw Peak properties.

The Company has applied for permits for a proposed drill program on the Patagonia property. This program is planned to consist of several deep step out holes NW and SE of the previous high grade copper, lead, zinc, silver intercepts in skarn altered limestone (Hole TCH2, 2A and TM13). This mineralization was discovered by ASARCO drilling in the 1980's. Additionally, two drill sites will target breccia zones containing near surface copper and silver associated with the deep seated Sunnyside porphyry.

On February 1, 2012, the Company entered into a definitive agreement (the "Purchase Agreement") with MinQuest to acquire all of the claims comprising the Patagonia (Sunnyside) project.

Under the terms of the Purchase Agreement, in consideration for the Patagonia Property, the Company will pay to MinQuest the sum of US$800,000, of which US$100,000 (paid) was forwarded as a non-refundable deposit within 3 business days of signing the Purchase Agreement, and US$400,000 as a non-refundable deposit within 3 business days of April 30, 2012 and the remaining of $300,000 shall be paid at the closing date on May 31, 2012. On April 30, 2012, MinQuest signed an amendment to the Purchase Agreement with the Company to extend the closing date to July 31, 2012. In consideration for the extension of the closing date, the Company will pay US$400,000 (paid) to be applied to the non-refundable deposit and issue 50,000 common share of the Company and pay the remainder of $300,000 by July 31, 2012 (paid subsequent to the year-end).

On April 19, 2012, the Company announced that it had engaged APEX Geoscience Ltd. of Edmonton, Alberta, to prepare in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* a technical report on the Company's Patagonia (Sunnyside) project.

On August 21, 2012 the Company announced that it had made the final US$300,000 payment to Minquest Inc. for its acquisition of the Patagonia/Sunnyside Property in Arizona. Under the terms of the Purchase Agreement entered into between Regal and Minquest, in consideration for the Property Regal has paid to Minquest a total of US$800,000. The Patagonia Sunnyside Property was the subject of an option agreement between Regal and Minquest, which has been terminated upon completion of the transactions contemplated by the Purchase Agreement, thereby eliminating work commitments of more than $US25,000,000 and payments of nearly 2,000,000 shares of Regal's shares. The Purchase

Agreement also provides that Minquest retain a 1.5% royalty on the Net Smelter Returns from the Property (which is a reduction from the 3% royalty reserved for Minquest under the prior option agreement) which can be converted at Minquest's election into shares of Regal in certain circumstances. Further, under the terms of the Purchase Agreement Minquest has assigned its rights and obligations under an agreement among Minquest, Russell Corn and Brian Corn pertaining to certain claims (the "Corn Claims") which form part of the Property. Minquest has also agreed to assist Regal in negotiating the purchase of the Corn Claims, for which Regal will be responsible for US$100,000 of the purchase price. If such purchase is successful within 90 days of the closing of the transactions contemplated by the Purchase Agreement, Minquest shall also receive a 1.5% royalty on the Net Smelter Returns from the Corn Claims. As of the date of this MD&A, no agreement has been negotiated with respect to the Corn Claims.

On October 22, 2012 the Company announced the commencement of an underground sampling and geologic mapping program on the company's 100% owned Sunnyside property in Santa Cruz county, Arizona. This initial phase of the work program will focus on the seven historic mines located within the 5,400 acre property. Production from the mines within the and adjacent to the company's claim block yielded significant amounts of high grade Cu, Ag, Pb, Zn and Au from limited underground production. This production spanned the late 1800's to the 1960's. The lithology of the underground workings in three adits surrounding the recently identified alteration zone at the base of the lithocap (Regal NR dated Nov.18, 2011) are of particular interest. This underground sampling and mapping coupled with surface geologic mapping may provide target definition of near surface copper porphyry mineralization which could underlie the lithocap. Other underground workings occurring throughout the project area will also be sampled and mapped. This work may help identify additional near-surface drill targets which may include porphyry copper and high grade vein mineralization not previously recognized. The results of the above described work combined with a geophysical survey will assist in further defining drill targets to be tested in the 2013 drill season.

The technical content in this MD&A has been prepared under the supervision of Herb Duerr who is a "Qualified Person" as such term is defined in National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

Exploration and Planned Work Program Activities

The Company's accounting policy is to capitalize all mineral property exploration and acquisition costs. The following table combines both categories by project for a complete accounting for cumulative expenditures on mineral property interests:

	Squaw Peak $	**Patagonia** $	**Total** $
Balance, August 1, 2010	272,751	143,170	415,921
Acquisition costs			
Additions during the period - shares issued	9,000	15,000	24,000
Additions during the period - cash payments	19,878	54,664	74,542
Total acquisition costs	28,878	69,664	98,542
Exploration expenditures			
Assay and recording	8,374	29,094	37,468
Claim fees	8,264	42,663	50,927
Drilling	93,446	-	93,446
Field office	10,344	10,339	20,683
Geological	24,739	56,010	80,749
Maps and reports	18,322	9,943	28,265
Total exploration expenditures	163,489	148,049	311,538
Balance, July 31, 2011	465,118	360,883	826,001

Acquisition costs			
Additions during the period - shares issued	17,571	30,429	48,000
Additions during the period - cash payments	30,396	574,709	605,105
Total acquisition costs	47,967	605,138	653,105
Exploration expenditures			
Assay and recording	12,071	15,280	27,351
Claim fees	5,517	45,022	50,539
Drilling	286,380	8,403	294,783
Field office	5,830	4,507	10,337
Geological	162,614	106,919	269,533
Maps and reports	27,835	13,929	41,764
Total exploration expenditures	500,247	194,060	694,307
Write-off	(1,013,332)	-	(1,013,332)
Balance, July 31, 2012	-	1,160,081	1,160,081

See above "Mineral Property Interests" for a discussion of our prior and current exploration activities.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations for the years ended July 31, 2012, 2011 and 2010. For more detailed information, refer to the applicable financial statements.

		2012 (IFRS)		2011 (IFRS)		2010 (Canadian GAAP)
Financial results:						
Net loss for the period	$	1,928,573	$	1,354,882	$	385,452
Basic and diluted loss per share	$	0.06	$	0.07	$	0.04
Balance sheet data:						
Cash	$	68,663	$	1,719,130	$	5,311
Total assets	$	1,487,443	$	2,741,918	$	447,584
L/T financial liabilities	$	Nil	$	Nil	$	Nil
Shareholders' equity	$	1,327,751	$	2,679,856	$	392,283

QUARTERLY FINANCIAL INFORMATION

		July 31, 2012 (IFRS)		**April 30, 2012 (IFRS)**		**January 31, 2012 (IFRS)**		**October 31, 2011 (IFRS)**
Interest income (expense)	$	(6,000)	$	3,848	$	3,749	$	9,421
Operating (expenses)		(100,457)		(551,174)		(151,476)		(123,152)
Mineral property interest write-off		(1,013,332)		-		-		-
Loss for the period	$	(1,119,789)	$	(547,326)	$	(147,727)	$	(113,731)
Loss per common share	$	(0.06)	$	(0.00)	$	(0.00)	$	(0.01)

	July 31, 2011 (IFRS)	April 30, 2011 (IFRS)	January 31, 2011 (IFRS)	October 31, 2010 (IFRS)
Interest income (expense)	$ (3,088)	$ -	$ -	$ (12,600)
Operating (expenses)	(929,496)	(202,552)	(121,582)	(85,564)
Property write-off	-	-	-	-
Loss for the period	$ (932,584)	$ (202,552)	$ (121,582)	$ (98,164)
Loss per common share	$ (0.07)	$ (0.01)	$ (0.01)	$ (0.01)

Twelve months ended July 31, 2012 compared to twelve months ended July 31, 2011

During the year ended July 31, 2012, the Company had a net loss of $1,928,573 compared to a net loss of $1,354,882 in 2011. The increase in loss was mainly due to the write-off of mineral property interest of $1,013,332 charged in the current year versus $nil in the comparative year.

The operating expenses decreased by 31% due to share-based payments of $847,800 charged in the comparative year versus $267,268 in the current year. In an effort to increase investor awareness, investor relations expenses increased to $156,461 (2011 - $100,512). Management fee increased to $211,000 (2011 - $136,324) mainly due to hiring a new manager during the current year. Depreciation increased to $473 (2011 - $nil) because the assets were acquired in current year.

The Company earned $11,018 interest income (2011 – expense of $15,688) and realized $47,177 foreign exchange gain (2011 - a loss of $39,405).

Three months ended July 31, 2012 compared to three months ended July 31, 2011

During the three months ended July 31, 2012, the Company had a net loss of $1,119,789 as compared to a net loss of $932,584 in 2011. The increase in loss was due to the write-off of $1,013,332 charged in the current period versus $nil in the comparative period.

The Company incurred $100,457 operating expenses in the current period versus $929,496 operating expenses in the comparative period.

The operating expenses decreased over the comparative three month periods as a result of amounts charged for share-based payments totaling $721,820 in the three month period ended July 31, 2011 as compared to ($183,404) recorded against share-based payments in the current three month period ended July 31, 2012 due to the revaluation of previously granted options.

Management fees of $59,000 (2011 - $37,324) increased mainly due to hiring a new manager.

Interest expense was $6,000 (2011 - $3,088) and foreign exchange loss was $61,315(2011 – $13,556).

LIQUIDITY AND CAPITAL RESOURCES

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the sale of its equity securities by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

At July 31, 2012 the cash balance of $68,663 (2011 - $1,719,130) would be insufficient to meet the cash requirements for the Company's administrative overhead, maintaining its mineral interests and continuing with its exploration program in the coming year. Therefore, the Company will be required to raise additional capital in order to fund its operations in fiscal 2013. At July 31, 2012, the Company had accounts payable and accrued liabilities of $155,826 (2011 - $49,025) and amounts due to related parties of $3,866 (2011 - $13,037), due within 30 days.

At July 31, 2012, the Company had working capital of $144,200 compared to a surplus of $1,834,626 as of July 31, 2011. The decrease in cash on hand and working capital was the result of shares issued and subscription received in advance for cash of $261,200, net of costs, less cash used in exploration activities of $1,290,836, purchase of equipment of $3,755 and in operating activities of $617,076.

On August 16, 2012, the Company closed the first tranche of a non-brokered private placement consisting of 2,597,000 units at a price of $0.10 per unit for gross proceeds of $259,700. Each unit is comprised of one common share and one transferable share purchase warrant. Each share purchase warrant entitles the holder to purchase one additional common share at a price of $0.20 until August 16, 2013, subject to accelerated expiry in certain circumstances. Shares acquired by the placees are, and shares that may be acquired upon the exercise of the share purchase warrants will be, subject to a hold period until December 17, 2012, in accordance with applicable securities legislation.

On August 29, 2012, the Company borrowed $900,000 by way of a debenture from a relative of an officer and director of the Company (the "Debenture"). The Debenture bears interest at 12% per annum, payable quarterly, for a term of three years, convertible in whole or in part by the holder into units of the Company at the conversion price of $0.10 per unit, each unit to be comprised of one common share of the Company and one non-transferable warrant exercisable for a period of two years from the date of conversion at an exercise price of $0.20 per share. The Company may prepay the principal sum under the Debenture in whole or in part, together with all interest accrued and unpaid to the date of payment, at any time without notice, bonus or penalty. The Debenture will be secured by a floating charge security interest in all of the Company's present and after acquired personal property, and a first fixed charge against the Company's mineral property interest. The Debenture is transferable and assignable by the lender. The Debenture holder may accelerate repayment of up to $150,000 on 30 days' notice.

On October 26, 2012, the Company closed the second and final tranche of its non-brokered private placement by issuing 870,000 Units at a per Unit price of $0.10 for gross proceeds of $87,000. Each Unit is comprised of one common share in the capital of the Company and one transferable share purchase warrant, each warrant entitling the holder to purchase one additional common share at a price of $0.20 until October 25, 2013, subject to accelerated expiry in certain circumstances. Shares acquired by the placees are, and shares which may be acquired upon the exercise of the share purchase warrants will be, subject to a hold period until February 26, 2013, in accordance with applicable securities legislation.

OFF–BALANCE SHEET ARRANGEMENTS

The Company has not entered into any significant off-balance sheet arrangements or commitments.

PROPOSED TRANSACTIONS

None.

RELATED PARTY TRANSACTIONS

In addition to related party transactions disclosed elsewhere in these consolidated financial statements, during the fiscal year ended July 31, 2012:

(a) The Company capitalized mineral property expenditures of $39,543 (July 31, 2011 - $38,228) for geological services paid or accrued to a director and 225,000 common shares were issued at $0.14 to $0.23 per shares for $48,000 (July 31, 2011 - 200,000 common shares issued at $0.12 per share for $24,000) and $37,151 (July 31, 2011 - $84,142) for reimbursement of claim fees, acquisition costs and geological fees were paid to a company in which a director owns 50%.

(b) The Company paid $34,471 (July 31, 2011 - $25,751) for premises rented to a Company with common officers and directors.

(c) The Company has lent to the CEO of the Company a principal amount of $100,000 plus interest of 10% per annum to be paid on or before May 1, 2013. Interest income of $10,511 (July 31, 2011 - $nil) was accrued for the above loan.

The amounts due to related parties are unsecured, without interest or specified terms of repayment.

Key management personnel are persons responsible for planning, directing and controlling the activities of the entity, and include all directors and officers. Key management compensation comprises:

	July 31, 2012 $	**July 31, 2011 $**
Management fees	208,000	160,324
Termination payment	55,000	-
Share-based payments	156,920	403,025
Management compensation	419,920	563,349

Accounts payable and accrued liabilities include $20,920 (2011 - $nil) of management fees included in key management compensation.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Areas requiring the use of estimates include the rates of amortization for equipment, the recoverability of resource property interests, the assumptions used in the determination of the fair value of share-based payment and the determination of the valuation allowance for future income tax assets available to offset future taxable profits. Management believes the estimates are reasonable; however, actual results could differ from those estimates and would impact future results of operations and cash flows.

RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business.

The Company currently has no source of revenues, and therefore is dependent upon external financings to fund activities. In order to carry future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended July 31, 2012. The Company is not subject to externally imposed capital requirements.

The Company classified its cash and cash equivalents as financial assets at fair value through profit or loss; accounts receivable as loans and receivables; and accounts payable and due to related parties as other financial liabilities. The carrying values of accounts receivable, accounts payable, and due to related parties approximate their fair values due to the short term to maturity of these financial instruments.

CONTINUOUS DISCLOSURE REVIEW AND CEASE TRADE ORDERS

On March 1, 2012, the Company received a letter from the British Columbia Securities Commission (the "Commission") outlining the Company's failure to file technical reports in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") with respect to both its Patagonia (Sunnyside) and Squaw Peak properties. The letter from the Commission also requested that the Company explain how the author of its technical reports on the Patagonia (Sunnyside) and Squaw Peak properties is an independent Qualified Person (as independence is defined in NI 43-101). As a result of the comments received from the Commission, the Company publicly disseminated and filed with regulators a March 14, 2012 news release to clarify its public disclosure, including:

- explanation of how the resource estimate contained in the filed technical report on the Squaw Peak property did not comply with NI 43-101, as well as clarification that if the Company is not able to get this mineral resource estimate independently verified, it will retract the estimate;

- explanation of how the historical estimate contained in the filed technical report on the Patagonia (Sunnyside) property was not disclosed in compliance with NI 43-101 because it did not identify the source and date of the historical estimate or comment on the relevance and reliability of such historical estimate, as well as retraction of this historical estimate by the Company; and

- clarification that the Company's website and its corporate presentation materials were being revised as references therein to historical resource estimates, among other detail, did not comply with NI 43-101.

With a view to rectifying the defaults and re-filing compliant technical reports, the Company engaged two independent consulting firms to prepare, respectively, a technical report on the Company's Squaw Peak property and a technical report on the Company's Patagonia (Sunnyside) property, both in compliance with NI 43-101.

The Company was placed on the Commission's Issuers in Default list. Further, on May 18, 2012, the Commission's Executive Director ordered that all trading in the securities of the Company cease until it files new or amended technical reports for each of the Squaw Peak property and the Patagonia (Sunnyside) property, completed in accordance with the Act and regulations.

On June 29, 2012, the Company failed to file its interim financial report and this interim MD&A for the interim period ended April 30, 2012 within the prescribed time periods imposed by securities legislation and, as a result, was placed on the defaulting issuer lists of both the Alberta and the Ontario Securities Commissions.

On July 3, 2012, the Company filed with regulators a technical report on its Patagonia (Sunnyside) property titled "*Technical Report on the Sunnyside Project, Arizona, USA*" and dated June 11, 2012. As the Company terminated on May 30, 2012, its option to purchase the mining property known as the Squaw Peak Property located in Yavapai County, Arizona, work toward completion of a new technical report on the Squaw Peak Property was terminated and a new technical report will not be filed.

On July 4, 2012, the Company received a letter from the British Columbia Securities Commission (the "Commission") outlining the Company's failure to file interim financial statements with interim management's discussion and analysis and failure to file a certification of interim filings required by National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109).

On July 10, 2012, The British Columbia Securities Commission issued a Revocation Order in connection with the Cease Trade Order issued on May 18, 2012 stating as follows:

- Regal has filed the required records with the exception of the Squaw Peak property technical report.
- Regal issued and filed news releases dated May 30, 2012 and July 3, 2012 disclosing its decision to terminate its option on the Squaw Peak mineral property.
- Under section 164 of the Act, the Executive Director orders that the cease trade order is revoked as it applies to Regal to permit trading in the securities of Regal.

On July 11, 2012, the British Columbia Securities Commission issued an order that all trading in the securities of the Company cease until it files interim financial statements for the financial period ended April 30, 2012, as required under Part 4 of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102), and a Form 51-102F1 *Management's Discussion and Analysis* for the period ended April 30, 2012, as required under Part 5 of NI 51-102, completed in accordance with the Act and rules, and the Executive Director makes an order under section 164 of the Act revoking the cease trade order. This cease trade order was revoked on July 19, 2012.

On July 13, 2012, the Ontario Securities Commission issued a temporary cease trade order similar to the cease trade order issued by the British Columbia Securities Commission on July 10, 2012, in connection with the Company's default in filing its interim report for the quarter ended April 30, 2012. The temporary cease trade order of the Ontario Securities Commission expired on July 27, 2012.

Additional information about the Company is available on SEDAR at www.sedar.com.

DISCLOSURE OF OUTSTANDING SHARE DATA (As at November 28, 2012)

Authorized

Unlimited common shares without par value

Issued

1. As at July 31, 2012:

Issued Common Shares	Value
31,396,139	$ 3,849,772

As at November 28, 2012:

Issued Common Shares	Value
34,863,139	$4,161,802

1. Incentive Stock Options Outstanding at July 31,2012:

Number	Exercise Price	Expiry Date
200,000	$ 0.32	March 1, 2013
400,000	$ 0.16	June 11, 2015
450,000	$ 0.15	January 7, 2016
150,000	$ 0.15	February 9, 2016
50,000	$ 0.23	November 18, 2016
1,350,000	$ 0.205	March 19, 2017
2,600,000		

As at November 28, 2012

Number	Exercise Price	Expiry Date
200,000	$ 0.32	March 1, 2013
400,000	$ 0.16	June 11, 2015
450,000	$ 0.15	January 7, 2016
150,000	$ 0.15	February 9, 2016
1,350,000	$ 0.205	March 19, 2017
1,250,000	$0.14	November 2, 2017
3,800,000		

2. Share Purchase Warrants Outstanding at July 31:

Number	Exercise Price	Expiry Date
Nil	Nil	Nil

As at November 28, 2012:

Number	Exercise Price	Expiry Date
2,597,000	$ 0.20	August 16, 2013
870,000	$ 0.20	October 25, 2013
3,467,000		

DISCLOSURE OF MANAGEMENT COMPENSATION

The Company provides the following disclosure with respect to the compensation of its directors and officers during the fiscal year ended July 31, 2012:

Name of Director/Officer	Position	Category	Amount Paid/ Accrued ($)
Gregory M. Thomas	President, CEO	Management fee	130,000
Sean McKay	Former CFO	Management fee	42,000
Harvey Dick	Director, executive chair	Management fee	36,000
Sean McKay	Former CFO	Termination payment	55,000

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements for the year ended July 31, 2012 are the Company's first annual consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position and comprehensive income is set out below.

The accounting policies in note 3 of the consolidated financial statements have been applied in preparing the consolidated financial statements for the fiscal year ended July 31, 2012, the consolidated financial statements for the year ended July 31, 2011 and the opening IFRS consolidated statement of financial position at August 1, 2010 (the "transition date").

In preparing the IFRS consolidated statement of financial position at August 1, 2010 and July 31, 2011, the Company has not adjusted amounts previously reported in the consolidated financial statements that were prepared in accordance with Canadian GAAP.

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's consolidated financial position at August 1, 2010 and July 31, 2011, and for the year ended July 31, 2011 is set out below:

IFRS 1 sets forth guidance for the initial adoption of IFRS. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected the following IFRS 1 exemptions:

(a) Business combinations

IFRS 1 allows that a first-time adopter may elect not to apply IFRS 3 *Business Combinations*, retrospectively to business combinations prior to the date of transition to IFRS.

(b) Share-based payment transactions

IFRS 1 allows that a first-time adopter can elect to not apply IFRS 2 *Share-based Payment* granted after November 7, 2002 that vested before the later of (a) the date of transition to IFRS and (b) January 1, 2005. The Company has elected this exemption and will apply IFRS 2 to only unvested stock options as at the Company's transition date, August 1, 2010.

When a share-based payment award vests in installments over the vesting period (graded vesting), each installment is accounted for as a separate arrangement under IFRS. Under Canadian GAAP, an entity can elect to recognize graded vesting equity instruments as separate instruments, like IFRS. Alternatively, unlike IFRS, an entity can elect to treat the equity instruments as a pool and determine fair value using the average life of the instruments, provided that compensation then is recognized on a straight line basis, subject to at least the value of the vested portion of the award being recognized at each reporting date. The Company currently accounts for each installment under graded vesting as a separate arrangement in accordance with IFRS.

(c) Assets and liabilities of subsidiaries and associates

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or associate adopting IFRS, the assets and the liabilities of the subsidiary or associate are to be included in the consolidated financial statements at the same carrying amounts as in the financial statement of the subsidiary or associate. The Company's subsidiary, Regal Resources USA Inc., adopted IFRS with a transition date of August 1, 2010.

(d) Estimates

The estimates previously made by the Company under Canadian GAAP were not revised for the application of IFRS.

These were no differences between the consolidated statements of financial position as previously reported under Canadian GAAP and the consolidated statements of financial position under IFRS as at July 31, 2011 and August 1, 2010.

There were no differences in the amounts reported under Canadian GAAP and IFRS for the consolidated statements of comprehensive loss and changes in equity for the year ended July 31, 2011.

The transition from Canadian GAAP to IFRS had no significant impact on the consolidated cash flows generated by the Company for the year ended July 31, 2011.

(e) Reconciliation of comprehensive loss and equity

a) Comprehensive loss

		July 31, 2011
Comprehensive Loss		
Net loss and comprehensive loss under Canadian GAAP	$	1,354,882
Adjustments for differing accounting treatments		-
Net loss and comprehensive loss under IFRS	$	1,354,882

b) Shareholders' equity

	July 31, 2011	August 1, 2010
Equity		
Total shareholders' equity under Canadian GAAP	$ 2,679,856	$ 392,283
Adjustments for differing accounting treatments	-	-
Total shareholders' equity under IFRS	$ 2,679,856	$ 392,283

SUBSEQUENT EVENTS

On November 2, 2012, the Company granted 1,250,000 incentive stock options to certain of its directors, officers and consultants exercisable at $0.14 per share for five years.