REGENCY RESOURCES LTD

PART OF THE ANNUAL REPORT FOR E11/2005 SAVAGE RIVER FOR THE PERIOD 12/05/09 TO 11/05/10

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SPECIMEN REEF PROJECT

Introduction

The Specimen Reef Project, in the northwest of Tasmania, consists of one Exploration Licence (EL) that contains a strike length of more than ten kilometres of the prospective AMC. Previous exploration within the tenement located gold/uranium mineralisation in veining within a zone of alteration.

Tenements and Agreements

The Specimen Reef Project comprises EL 11/2005 in Tasmania. It was granted for the term of five years from the 12th May 2006 and is for Metallic Minerals and Atomic Substances. It has an area of 71km^2 and an expenditure commitment for the year to 12th May 2010 of $95,124 and of $71,000 for the subsequent year. Rental for the year from 12th May 2010 is $2,929. The Savage River Mine pipeline corridor, which is about 50m wide, is excised from the tenement.

The tenement is held by Regency Resources Ltd ("Regency") and an agreement is in place whereby it will be transferred to Red Rock Resources. Red Rock Resources plc ("Red Rock"), has entered into a Letter Agreement with the purpose of concluding a Joint Venture ("JV") agreement with Walkabout Resources Pty Ltd ("Walkabout"), by which Walkabout would sole fund the first ten million dollars of expenditure on the tenement to earn a 65% interest. Under the proposed terms of the JV, Walkabout would manage the exploration and keep the tenement in good standing. Red Rock and RSL have agreed to a transfer process of the remaining 35% with the intention that RSL will be assigned all rights and obligations under the Joint Venture agreement from Red Rock. Further details of the agreements are given in the Solicitor's report elsewhere in the Prospectus.

Location and Access

The project area is situated about 70km southwest of the port town of Burnie. By road the distance is about 125km. Vehicle access to the tenement is limited to a single formed unsealed road that services the pipeline that carries iron-ore slurry to port facilities on the north coast. Permission to use this road is required from the operator of the Savage River Mine, which is situated immediately to the south. The project area is totally covered by dense native forest (the area is within State Forest) and is subject to high seasonal rainfall. The Pipeline Road follows a ridge at an elevation of about 450m. The ground to the west of the road is dissected and falls to as low as 250m (Figure 1).

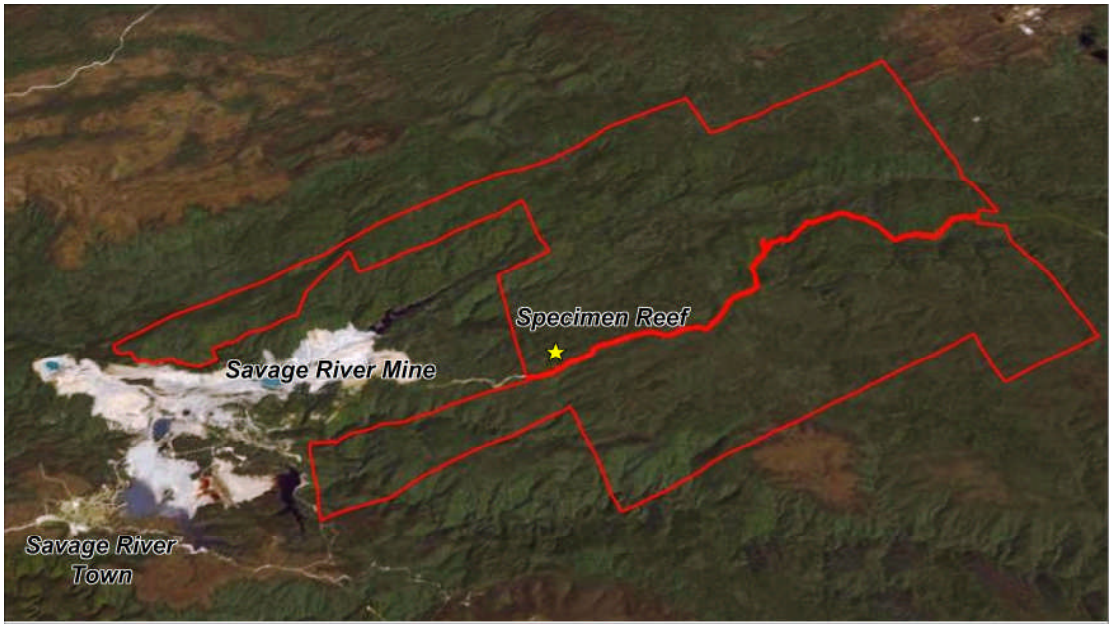

Figure 1 View of EL 2005/11 – Looking west-northwest; the Pipeline Road runs through the centre of the tenement

Regional Geology

The project area covers that portion of the Arthur Metamorphic Complex ("AMC") immediately to the north of the Savage River iron deposit. The complex is also known as the Arthur Lineament. It is an elongate zone that has been subject to multiphase metamorphism, tectonism, alteration, and veining. The central portion of the complex strikes north-northeast along the centre of the project area. Alteration was especially intense to the south of the tenement at Savage River, where iron deposits formed within the zone as the result of hydrothermal alteration. The deposits are shown as a magnetic high on Figure 2, an aeromagnetic image of the area. The north-northeast trending highs that extend through the tenement indicate the location of the complex.

The original rock units within the complex were of Neoproterozoic age and have been interpreted to include basaltic volcanoclastics and/or lithic arenites, dolerite, and dolomite. Low grade regionally metamorphosed Neoproterozoic clastic, sediments, basalts, and dolomite are present, and strike parallel to the complex, both to its west and east. Cambrian mafic and ultramafic rocks are to the southeast of the project area and have been prospected and mined for platinum group elements and base metals.

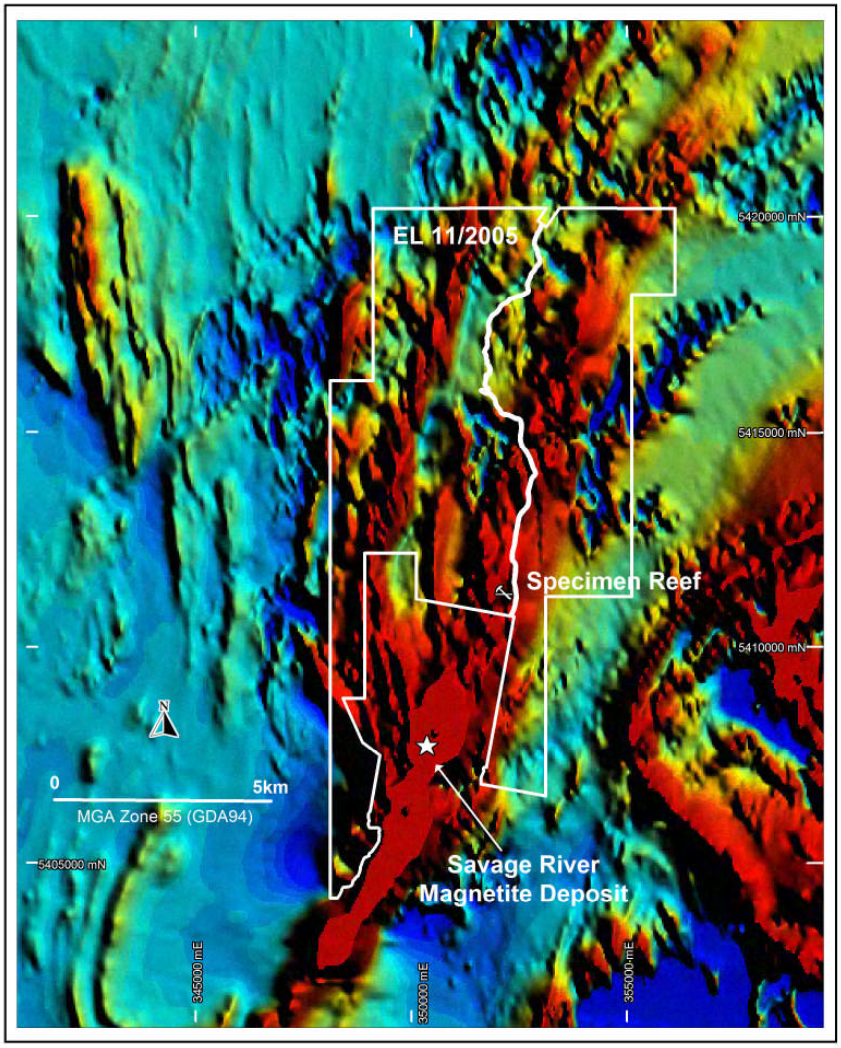

Figure 2 Specimen Reef Project – Aeromagnetic image

Project Geology

The geological sequence within the tenement is shown on Figure 3, a geological map of the area.

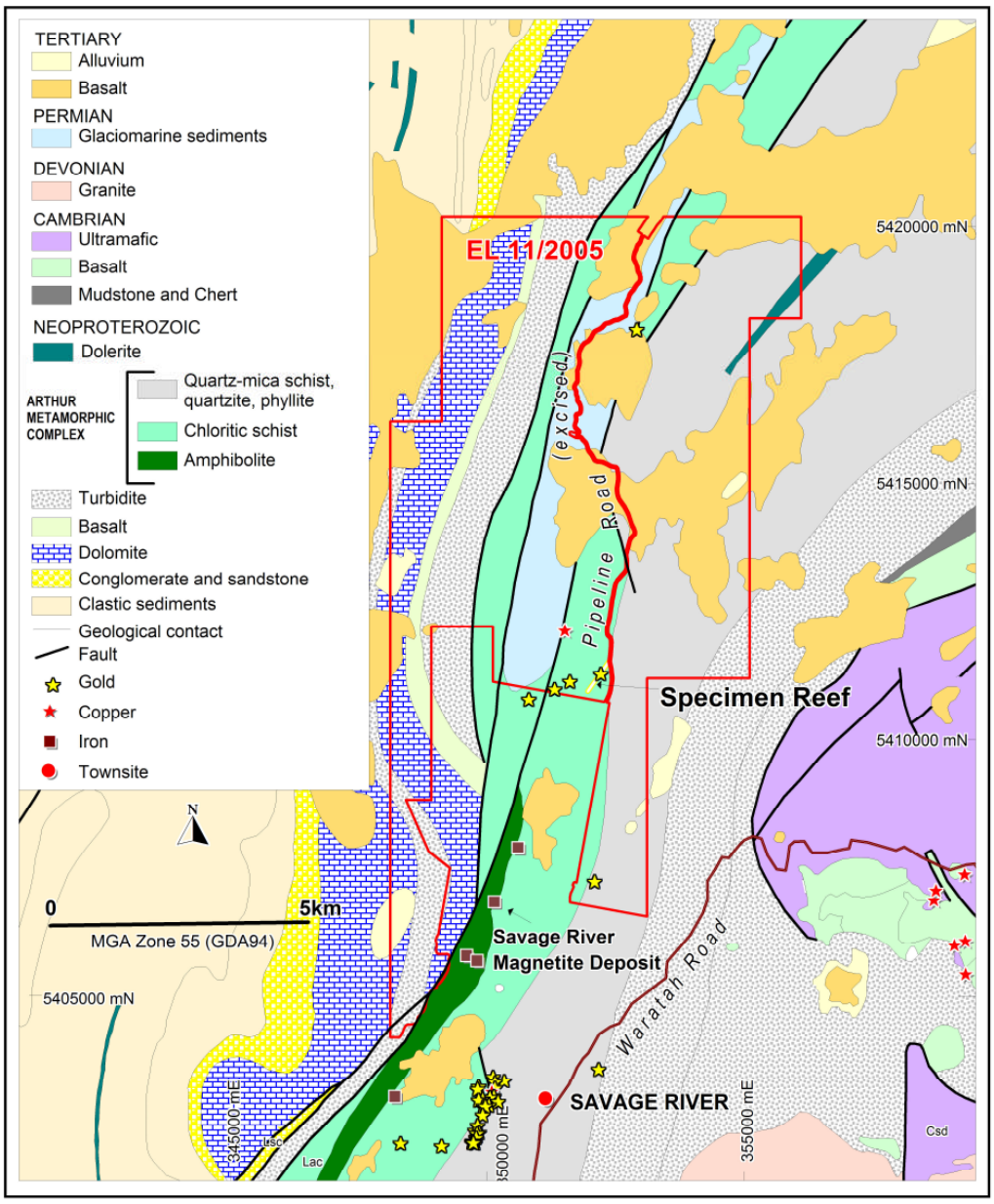

Figure 3 Specimen Reef Project – Geological map

Structurally, the area is dominated by north-northeast trending faults. Dips within the AMC vary from steep towards the west to moderate to steep towards the east. Within the Savage River Mine, mapping has revealed the presence of multiple-stage and mineralogically complex veins, fault breccias, and mylonites.

Mineralisation

Alteration and mineralisation within the Savage River mine area has been studied in detail and it is proposed that related alteration and mineralisation extend north within the AMC into EL11/2005. Hydrothermal alteration is mainly characterised by the occurrence of carbonate, albite, epidote, tourmaline, and chlorite. The ore mineralogy consists of magnetite and pyrite, with minor haematite, chalcopyrite, and apatite. Alluvial and vein gold is found within the AMC, including within RSL's tenement, and brannerite, a uranium mineral, has been reported from a section of drill-core from the Specimen Reef Prospect.

Mining

Magnetite mineralization was discovered at Savage River in 1887, but for many years, interest in the area centered on its copper and gold potential of the area.

Specimen Reef is within an area of historical gold mining that included both hard rock workings (Specimen Reef, Davis Creek, and McPhee's) and alluvial workings along Specimen Creek. Active mining ceased about 1900. The Specimen Reef workings included two adits and six tunnels. The reef, which strikes northeast and dips at about 45^{o} to the southeast, is at least 450m in length. The worked portion of the reef consisted of white quartz, siderite, and pyrite with some visible gold and minor chalcopyrite. Shoots of high grade auriferous quartz, up to 48m long, 1m wide, and 60m deep, plunged downdip.

Production commenced at the Savage River iron mine in 1966 and the operator's latest feasibility study indicates a mine life to 2023.

Exploration History

The most comprehensive exploration of the area has been by government agencies, Industrial Mining Investigations Pty Ltd ("IMI"), and Savage Resources Ltd ("Savage Resources"). From the 1950's until 1978 exploration was solely for iron ore, with the main magnetite deposits being defined before 1966.

IMI and Savage Resources subsequently expanded the search to include base metals, gold, magnesite and diamonds. Most effort was expended on near mine magnesite and gold. The base metals search initially used magnetics as a guide but was replaced by systematic stream sediment sampling.

IMI completed extensive stream sediment sampling and selected soil sampling over the tenement in the 1980's, targeting magnetic highs and geochemical anomalies, and assaying for multi-elements including Au, Ag, base metals, Sn, and W. Between 1982 and 1985 it drilled nine diamond holes for a total of 894m at Specimen Reef (Figure 4). The only significant result was in DDH SP1, which intersected a narrow but very high grade zone, 0.2m at 910g/t Au.

Savage Resources concluded in 1988 that most of the mineralisation was within narrow, flat lying carbonate-magnetite-gold zones with very little quartz. It drilled ten holes between 1987 and 1989 for a total of 822m, with limited success, after discovering the reef dipped at a steep angle than been previously assumed. Ultimately, only three holes intersected the reef.

In 1997 Goldstream Mining NL / Titan Resources NL, in joint venture, ("Goldstream / Titan") completed two further diamond drill holes into Specimen Reef, intersecting 2m at 0.56g/t Au in one hole and only 0.05g/t Au from the reef position in the other hole. No potentially economic magnetite was intersected in any hole.

Goldstream / Titan also carried out a petrological study on samples from its drill core and from the high grade gold intersection of the earlier SP1 core referred to above. The brannerite was found to be associated with electrum in a carbonate vein.

IMI, during the 1980s, completed an extensive stream sediment sampling programme, collecting trap site stream pan concentrates and decanted slime samples from all localities. Stream sediment and rock chip sampling identified lead anomalies to 900ppm, and zinc

anomalies to 345ppm near the old Davis Creek workings. IMI carried out geochemical soil sampling, geological mapping and ground magnetic surveys on two grids to the north of Specimen Reef (Figure 5). The soil sampling identified spot gold and base metal anomalies, with the highest results being a few hundred metres to the east of Davis Creek and just northeast of Specimen Reef.

CRA Exploration Ltd ("CRA") explored the northern section of the tenement in the mid 1980's for magnesite deposits. Its work included magnetic and Input-EM surveys and stream sediment sampling. CRA identified the Comstaff Creek area in the north of the present tenement as gold anomalous from the stream sediment sampling (Figure 3).

Geopeko Ltd (Geopeko) undertook a water sampling programme, limited rock chip sampling and mapping in the early 1990's. Little significant data was generated.

From 1996 to 1997, Goldstream Mining NL (Goldstream) / Titan Resources NL (Titan) completed heli-magnetics centred on the Specimen Creek area. It drilled two diamond holes into Specimen Reef, on the same section as the original SP1 diamond hole. The holes intersected alteration and faulting, but with gold intersections of only 2m @ 0.56g/t and 1m @ 0.24g/t Au.

In 2001 Mineral Resources Tasmania flew helicopter–borne geophysics at 75m height over this area. The magnetic image in Figure 2 is derived from this work.

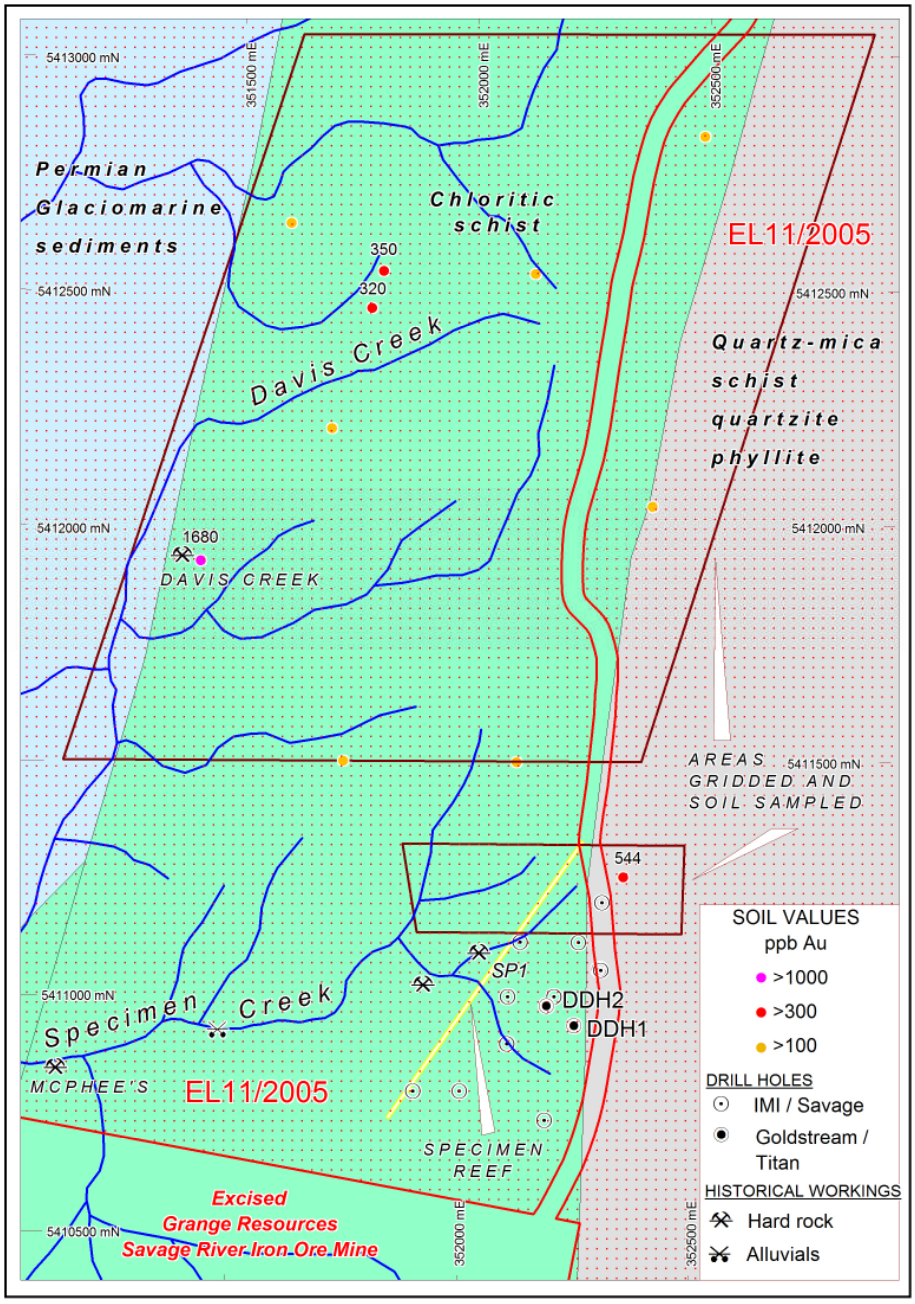

Figure 5 Specimen Reef area - Exploration

Exploration Potential

Bottrill and Taheri (2005)* examined the petrology of the host rocks from the Savage River Mine and concluded that, "The mineralisation, setting, and alteration are highly indicative of iron oxide-copper-gold styles of mineralisation, particularly the Kiruna and Iron-skarn subtypes, but the genesis is under more detailed investigation." The identification of uranium within the Specimen Reef Prospect, a few kilometres along strike, is further evidence that the alteration system may have formed IOCG-U mineralisation within the AMC.

Exploration in the area appears to have been focussed in the southern portion of the EL within an area of relatively easy access. The relatively remote and forested nature of the tenement has resulted in a lack of systematic and full coverage of the tenement by modern

exploration. Gold mineralisation is present in both the south and the north of the tenement and gold and base metal mineralisation is present further north within the AMC.

It is CRM's opinion that the project area is prospective for both vein and disseminated mineralisation. Gold, copper, and uranium are legitimate target metals, with magnetite a potential by-product.

*Bottrill, R. S., Taheri, J. 2007 Petrology of the host rocks, including mineralisation and adjacent rock sequences, from the Savage River mine. *Tas. Geol. Surv. Rec. 2007/05*

Proposed Exploration

We understand that Walkabout is in the process of collecting geological data and putting together a fund-raising process, both of which are expected to be completed by the middle of 2010. A comprehensive exploration program will be prepared prior to the float and RSL has been asked to provide input into the design of the exploration programme.