

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 30, 2017

Reign Sapphire Corporation
(State or other jurisdiction of incorporation)

Delaware
(State or other jurisdiction
of incorporation)

333-204486
(Commission file Number)

47-2573116
(IRS Employer
Identification No.)

9465 Wilshire Boulevard, Beverly Hills, CA
(Address of principal executive offices)

90212
(Zip Code)

Registrant's telephone number, including area code: **(213) 457-3772**

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company [X]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [X]

Item 1.01. Entry into a Material Definitive Agreement.

Issuance of Incentive Shares and Note Pursuant to Loan Agreement

On June 30, 2017, Reign Sapphire Corporation (the “Company”) entered into a Loan Agreement (the “Agreement”), a Secured Promissory Note (the “Note”) and a personal guarantee with respect to the funding by certain institutional investors of up to \$1,125,000 in debt. The Company, until December 31, 2018, has the ability to request quarterly advances of up to the lesser of (i) \$250,000 or (ii) one sixth (1/6) of the revenue reported in the Form 10-Q or 10-K for the previous calendar quarter or previous fiscal year, whichever is most recent, provided that such revenue generated a profit of at least 10 percent (10%). The investors may advance the funds in their absolute discretion. The Note shall become due and payable 18 months from each advance date. The Company must make payments to the investors in an amount of \$350 every business day from the date of the first advance, which shall be increased proportionately upon each advance. The Note is secured with the assets of the Company pursuant to a security agreement dated December 23, 2015. In addition, the Company’s CEO has personally guaranteed the Note. As additional consideration for the loan, the investors shall receive 1,500,000 shares of restricted common stock, in aggregate (the “Incentive Shares”). The transaction closed on June 30, 2017. The material terms and conditions of the transaction are described in, and copies of the full text of those documents are filed with this Current Report on Form 8-K, and are incorporated herein by reference.

Item 3.02 Unregistered Sales of Equity Securities.

The information contained in Item 1.01 is incorporated herein by reference.

The Incentive Shares and Note issued by the Company pursuant to the terms of the Loan Agreement were not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) and 4(a)(5) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering. No general solicitation or general advertising was used in connection with the offering of the Incentive Shares and Note. The investors are “accredited investors” as such term is defined in Regulation D promulgated under the Securities Act. This Current Report on Form 8-K shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall such securities be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. The Company disclosed to the investors, and the investors acknowledged, that the Incentive Shares could not be sold unless they are registered under the Securities Act or unless an exemption from registration is available, and the certificates or instruments representing the Incentive Shares will include a legend to that effect.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

In reviewing the agreements included or incorporated by reference as exhibits to this Current Report on Form 8-K, please remember that they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure about the Company or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the parties to the applicable agreement and accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. Additional information about the Company may be found elsewhere in this Current Report on Form 8-K and in our other public filings, which are available without charge through the SEC’s website at <http://www.sec.gov>.

<u>Exhibit Number</u>	<u>Description</u>
<u>10.1</u>	<u>Loan Agreement dated June 30, 2017.</u>
<u>10.2</u>	<u>Form of Secured Promissory Note issued under the Loan Agreement included as Exhibit 10.1.</u>
10.3	Security Agreement dated December 23, 2015 by and among the Company and the Collateral Agent and Secured parties defined and identified therein (incorporated by reference to Exhibit 10.3 of our Form 8-K (File No. 333-204486) filed with the Securities and Exchange Commission on December 24, 2015).
<u>10.4</u>	<u>Personal Guaranty dated as June 30, 2017 entered into by Joseph Segelman as guarantor for the benefit of the investors defined and identified therein.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

REIGN SAPPHIRE CORPORATION

Date: July 3, 2017

By: /s/ Joseph Segelman

Joseph Segelman, Chief Executive Officer

LOAN AGREEMENT

LOAN AGREEMENT, dated as of June 30, 2017 (this “Agreement”), Reign Sapphire Corporation, a Delaware corporation (“Debtor”), Alpha Capital Anstalt (“Alpha”) and Brio Capital Master Fund Ltd., (“Brio” together with Alpha, the “Lenders”).

IN CONSIDERATION of the mutual covenants herein contained, Debtor and Lender agree as follows:

I. DEFINITIONS.

1.1 General Terms. For purposes of this Agreement the following terms shall have the following meanings:

“Advances” shall have the meaning set forth in Section 2.2.

“Affiliate” of any Person shall mean (a) any Person which, directly or indirectly, is in control of, is controlled by, or is under common control with such Person, or (b) any Person who is a director or officer of such Person. For purposes of this definition, control of a Person shall mean the power, direct or indirect, to vote 5% or more of the securities having ordinary voting power for the election of directors or, in the case of a Person other than a corporation, individuals who perform similar functions.

“Agreement” shall mean this Agreement, as amended, restated, modified and supplemented from time to time.

“Business Day” shall mean any day other than a day on which commercial banks in New York are authorized or required by law to close.

“Closing Date” shall mean the date hereof.

“Default” shall mean an event which, with the giving of notice or passage of time or either, would constitute an Event of Default.

“Dollar” and the sign “\$” shall mean lawful money of the United States of America.

“Event of Default” shall mean the occurrence of any of the events set forth in Article X.

“Governmental Body” shall mean any domestic or foreign, United States of America (“USA”) or non-USA, nation or government, tribe, any state or other political subdivision thereof or any entity exercising the legislative, judicial, regulatory or administrative functions of or pertaining to a government or quasi-governmental entity. For purposes of this definition only, the term shall include any such entity, regardless of whether same may lawfully exercise jurisdiction over one or more parties to this transaction.

“Lender” shall have the meaning ascribed to such term in the preamble to this Agreement and shall include each Person which becomes a transferee, successor or assign of Lender.

“Loans” shall mean the advances made to the Debtor in accordance with Section 2.2.

“Material Adverse Effect” shall mean a material adverse effect on (a) the condition, operations, assets, business or prospects of Debtor (b) Debtor’s ability to pay the Obligations in accordance with the terms thereof, (c) the value of the Accounts, or Lenders’ lien on the assets of the Debtor (d) the practical realization of the benefits of Lender’s rights and remedies under this Agreement and the Transaction Documents.

“Notes” shall mean the promissory notes referred to in Section 2.1.

“Obligations” shall mean and include any and all of Debtor’s indebtedness and/or liabilities to Lenders of every kind, nature and description, direct or indirect, secured or unsecured, joint, several, joint and several, absolute or contingent, due or to become due, now existing or hereafter arising, contractual or tortious, liquidated or unliquidated, with the exception of Lenders’ legal fees associated with the preparation of this Agreement and all of the Transaction Documents.

“Person” shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, institution, public benefit corporation, joint venture, entity or government (whether Federal, state, county, city, municipal, national, tribal, foreign or otherwise, including any instrumentality, division, agency, body or department thereof).

“Transaction Documents” shall mean the Note, Guaranty, and Legal Opinion and any and all other agreements, instruments and documents now or hereafter executed by Debtor delivered to Lenders in respect of the transactions contemplated by this Agreement.

1.2 Certain Matters of Construction. The terms “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Each reference to a Section or an Exhibit shall be deemed to refer to a Section or an Exhibit, as applicable, of this Agreement unless otherwise specified. Any pronoun used shall be deemed to cover all genders. Wherever appropriate in the context, terms used herein in the singular also include the plural and vice versa. Unless otherwise provided, all references to any agreements to which a Lender is a party, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

II. THE LOAN AND SECURITY

2.1 Total Loans. Under this Agreement, the Lenders shall make loans to the Debtor up to an aggregate \$1,125,000.00. The Loans shall be memorialized pursuant to Notes issued by Debtor to Lenders in the form annexed hereto as Exhibit A (“Note”). The Loans shall be repayable as described in the Note.

2.2 Advances. The Loans shall be made in a series of Advances. The Advances will be made as set forth on Schedule 2.2. Each Lender shall be responsible solely for half of each Advance.

2.3 Security Agreement. The Loans will be secured as part of the Obligations in that certain security agreement among the Debtor and Lenders dated December 23, 2015.

2.4 ACH Repayment. The Debtor shall cause its bank to make an ACH payment to the Lenders of \$350.00 every business day (the “Daily Payment”). Upon each Advance the Daily Payment shall increase by a proportionate amount. The Lenders shall have the option of requiring all ACH payments be processed by a provider of their choice.

II. INTEREST, FEES AND OTHER MATTERS.

3.1 Facility Fee. The Debtor shall issue to each Lender 750,000 (an aggregate of 1,500,000) restricted shares of its common stock as a fee to the Lenders for making this facility available to the Debtor.

3.2 Maximum Charges. In no event whatsoever shall interest and other charges hereunder exceed the highest rate permissible under law. If such interest and other charges would otherwise exceed such rate, such excess amount shall be first applied pro-rata to any unpaid principal balance of the Note, and if the then remaining excess amount is greater than the previously unpaid principal balance, Lenders shall promptly refund such excess amount to Debtor and the provisions hereof shall be deemed amended to provide for such permissible rate. To the extent it may lawfully do so, the Debtor hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by Lenders in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Debtor under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Debtor may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the Initial Closing Date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Debtor to Lenders with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by Lenders to the unpaid principal balance of any such indebtedness or be refunded to the Debtor, the manner of handling such excess to be at Lenders' election.

3.3 Exculpation of Liability. Nothing herein contained shall be construed to constitute Lenders as Debtor's agent for any purpose whatsoever, nor shall Lenders be responsible or liable for any payments with respect to the Accounts.

IV. PRIORITY.

4.1 Priority. The Obligations under the Loans shall have priority over all other debts of the Debtor. In the event the Debtor has insufficient funds to pay all its debts as they come due it shall first pay down the Obligations before paying down other notes or accounts payable.

4.2 Guaranty. The Debtor shall have all its chief executive officer execute the guaranty annexed as Exhibit B.

V. REPRESENTATIONS AND WARRANTIES.

Debtor hereby represents and warrants to Lenders as follows:

5.1 Organization, Good Standing and Qualification. Debtor is a corporation duly organized, validly existing and in good standing under the laws of Delaware. Debtor has the power and authority to own and operate its properties and assets, to execute and deliver this Agreement and the Transaction Documents and to carry on its business as presently conducted and perform all its obligations under the Transaction Documents. Debtor is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary.

5.2 Authorization: Binding Obligations. All corporate action on the part of Debtor (including the respective members, managers, officers and directors) necessary for the authorization of this Agreement and the Transaction Documents, the performance of all obligations of Debtor hereunder and thereunder and the authorization, sale, issuance and delivery of the Note has been taken or will be taken by the unanimous consent of its Directors. This Agreement and the Transaction Documents, when executed and delivered, will be valid and binding obligations of Debtor, enforceable against each such Person in accordance with their terms, except:

- i. as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights; and
- ii. general principles of equity that restrict the availability of equitable or legal remedies.

5.3 Liabilities. Debtor does not have any contingent liabilities, except current liabilities incurred in the ordinary course of business. The Debtor has incurred no liabilities as of the date of this Agreement.

5.4 Title to Properties and Assets: Liens, Etc. Debtor has good and marketable title to its properties and assets, and good title to its leasehold estates, in each case subject to no mortgage, pledge, lien, lease, encumbrance or charge. Debtor is in compliance with all material terms of each lease to which it is a party or is otherwise bound.

5.5 Compliance with Other Instruments. Debtor is not in violation or default of (x) any term of its certificate of incorporation or bylaws, or (y) any provision of any agreement to which it is party or by which it is bound or of any judgment, decree, order or writ, excluding any agreements where default has been waived. The execution, delivery and performance of and compliance with this Agreement and the Transactions Documents will not, with or without the passage of time or giving of notice, be in conflict with or constitute a default under any such term or provision, or result in the creation of any mortgage, pledge, lien, encumbrance or charge upon any of the properties or assets of Debtor or the suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to Debtor, its business or operations or any of its assets or properties.

5.6 Litigation. There is no action, suit, proceeding or investigation pending or, to Debtor's knowledge, currently threatened against Debtor; nor is there is any basis to assert any of the foregoing. Debtor is not a party nor subject to the provisions of any order, writ, injunction, judgment or decree of any Governmental Body or instrumentality. There is no action, suit, proceeding or investigation by Debtor currently pending or which Debtor intends to initiate.

5.7 Tax Returns and Payments. Debtor has timely filed all tax returns (federal, tribal state and local) required to be filed by it. All taxes shown to be due and payable on such returns, any assessments imposed, and all other taxes due and payable by Debtor on or before the Closing Date, have been paid or will be paid prior to the time they become delinquent. Debtor has not been advised:

- i. that any of its returns, federal, tribal, state or other, have been or are being audited as of the date hereof; or
- ii. of any deficiency in assessment or proposed judgment to its federal, state or other taxes.

There is no tax to be imposed upon its properties or assets of Debtor as of the date of this Agreement that is not adequately provided for.

5.8 Compliance with Laws; Permits. Debtor is not in violation of any applicable statute, rule, regulation, order or restriction of any Governmental Body having jurisdiction over the Debtor in respect of the conduct of its business or the ownership of its properties. No governmental orders, permissions, consents, approvals or authorizations are required to be obtained and no registrations or declarations are required to be filed in connection with the execution and delivery of this Agreement or any Transaction Documents. Debtor has all material franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it.

5.9 Full Disclosure. Debtor has provided Lenders with all information requested by Lenders in connection with its decision to purchase the Note, including all information Debtor believe is reasonably necessary to make such investment decision. Neither this Agreement nor the Transaction Documents contain any untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances in which they are made, not misleading. Any financial projections and other estimates provided to Lenders by Debtor were based on Debtor's experience in the industry and on assumptions of fact and opinion as to future events which Debtor, at the date of the issuance of such projections or estimates, believed to be reasonable.

5.10 Patriot Act. Debtor certifies that, to the best of Debtor's knowledge, Debtor has not been designated, and is not owned or controlled, by a "suspected terrorist" as defined in Executive Order 13224. Debtor hereby acknowledges that Lenders seek to comply with all applicable laws concerning money laundering and related activities. In furtherance of those efforts, Debtor hereby represents, warrants and agrees that: (i) none of the cash or property that Debtor will pay or will contribute to Lenders has been or shall be derived from, or related to, any activity that is deemed criminal under United States law; and (ii) no contribution or payment by Debtor to Lenders, to the extent that they are within Debtor's control shall cause Lenders to be in violation of the United States Bank Secrecy Act, the United States International Money Laundering Control Act of 1986 or the United States International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001. Debtor shall promptly notify Lenders if any of these representations ceases to be true and accurate. Debtor shall provide Lenders any additional information regarding Debtor that Lenders deem necessary or convenient to ensure compliance with all applicable laws concerning money laundering and similar activities. Debtor understands and agrees that if at any time it is discovered that any of the foregoing representations are incorrect, or if otherwise required by applicable law or regulation related to money laundering similar activities, Lenders may undertake appropriate actions to ensure compliance with applicable law or regulation, including but not limited to segregation and/or redemption of Lenders' investment in Debtor. Debtor further understands that Lenders may release confidential information about Debtor and, if applicable, any underlying beneficial owners, to proper authorities if Lenders, in its sole discretion, determines that it is in the best interests of Lenders in light of relevant rules and regulations under the laws set forth in subsection (ii) above.

5.11 Office of Foreign Assets Control. Neither the Debtor nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

VI. COVENANTS OF DEBTOR.

Debtor covenants with Lenders as follows:

6.1 Taxes. Debtor will promptly pay and discharge, or cause to be paid and discharged, when due and payable, all lawful taxes, assessments and governmental charges or levies imposed upon the income, profits, property or business of Debtor; provided, however, that any such tax, assessment, charge or levy need not be paid if the validity thereof shall currently be contested in good faith by appropriate proceedings and if Debtor shall have set aside on its books adequate reserves with respect thereto, and provided, further, that Debtor will pay all such taxes, assessments, charges or levies forthwith upon the commencement of

6.2 Confidentiality. Except for a form 8-K that the Debtor shall file within one day of the date of this agreement, Debtor will not disclose, and will not include in any public announcement, the name of Lenders, unless expressly agreed to by Lenders or unless and until such disclosure is required by law or applicable regulation, and then only to the extent of such requirement.

6.3 Accredited Investor. The Lenders represent and warrant, severally and not jointly, that each of the Lenders is an "accredited investor" as the term is defined in Rule 501 of Regulation D of the Securities Act of 1933, as amended.

VII. INDEMNIFICATION.

7.1 Indemnification of Lenders. The Debtor will indemnify and hold Lenders and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls Lenders (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Lender Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Lender Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Debtor in this Agreement or in the other Transaction Documents or (b) any action instituted against the Lender Parties in any capacity, or any of them or their respective Affiliates, by any stockholder of the Debtor who is not an Affiliate of such Lender Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Lender Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Lender Party may have with any such stockholder or any violations by such Lender Party of Securities Laws or any conduct by such Lender Party which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Lender Party in respect of which indemnity may be sought pursuant to this Agreement, such Lender Party shall promptly notify the Debtor in writing, and the Debtor shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Lender Party. Any Lender Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Lender Party except to the extent that (i) the employment thereof has been specifically authorized by the Debtor in writing, (ii) the Debtor has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of such Lender Party's counsel, a material conflict on any material issue between the position of the Debtor and the position of such Lender Party, in which case the Debtor shall be responsible for the reasonable fees and expenses of no more than one such separate counsel for all Lender Parties. The Debtor will not be liable to any Lender Party under this Agreement (y) for any settlement by a Lender Party effected without the Debtor's prior written consent, which shall not be unreasonably withheld, conditioned or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Lender Party's breach of any of the representations, warranties, covenants or agreements made by such Lender Party in this Agreement or in the other Transaction Documents or any violations by such Lender Party of applicable Securities Laws or any conduct by such Lender Party which constitutes fraud, gross negligence, willful misconduct or malfeasance. The indemnification required by this Section 7.1 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Lender Party against the Debtor or others and any liabilities the Debtor may be subject to pursuant to law.

VIII. CONDITIONS TO EACH ADVANCE.

8.1 Conditions. The agreement of Lenders to make any Advance is subject to the satisfaction of the following conditions precedent as of the date such Advance is made:

i . Representations and Warranties. Each of the representations and warranties made by Debtor to this Agreement and the Transaction Documents, and each of the representations and warranties contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement or the Transaction Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date;

ii . No Default. No Event of Default or Default shall have occurred and be continuing on such date, or would exist after giving effect to the Advances requested to be made on such date; provided, however, that Lender, in its sole discretion, may continue to make Advances notwithstanding the existence of an Event of Default or Default and that any Advances so made shall not be deemed a waiver of any such Event of Default or Default;

iii Revenue Milestones. The Company shall be allowed to request quarterly Advances of up to the lesser of (i) \$250,000; or (ii) one sixth (1/6) of the revenue reported in the form 10-Q or form 10-K filed with the Securities and Exchange Commission for the previous calendar quarter or previous fiscal year, whichever is most recent, provided that such revenue generated a profit of at least ten percent (10%);

iv. Consent. The Lenders have consented to making the additional Advance, which consent maybe withheld by the Lenders in their absolute discretion.

8.2 Confirming Representations and Warranties. Prior to each Advance the Debtor shall provide the Lender with a written statement that the conditions contained in Section 8.1 have been satisfied.

IX. INFORMATION AS TO DEBTOR.

Debtor shall, until satisfaction in full of the Obligations and the termination of this Agreement:

9.1 Litigation. Promptly notify Lenders in writing of the commencement or threat, oral or written, of any litigation, suit or administrative proceeding affecting Debtor, whether or not the claim is covered by insurance.

9.2 Material Occurrences. Promptly notify Lenders in writing upon the occurrence of (a) any Event of Default or Default; and (b) any other development in the business or affairs of Debtor which could reasonably be expected to have a Material Adverse Effect; in each case describing the nature thereof and the action Debtor proposes to take with respect thereto.

9.3 Additional Information. Furnish Lenders with such additional information as Lenders shall reasonably request in order to enable Lenders to determine whether the covenants and conditions of this Agreement and the Note have been complied with by Debtor.

9.4 Notices of Adverse Events. Furnish Lenders with prompt notice of (a) any lapse or other termination of any consent, license or permit issued to Debtor by any Governmental Body or any other Person that is material to the operation of Debtor's business, (b) any refusal by any Governmental Body or any other Person to renew or extend any such consent, license or permit; and (c) copies of any periodic or special reports filed by Debtor with any Governmental Body or Person, if such reports indicate any material change in the business, operations, affairs or condition of any Debtor, or if copies thereof are requested by Lenders or any Lenders, and (d) copies of any notices and other communications from any Governmental Body which relate to Debtor.

9.5 Additional Documents. Execute and deliver to Lenders, upon request, such documents and agreements as Lenders may, from time to time, reasonably request if applicable to this Agreement and the Transaction Documents.

X. EVENTS OF DEFAULT.

The occurrence of any one or more of the following events shall constitute an "Event of Default":

10.1 failure by Debtor to pay any principal or interest on the Obligations when due, whether at maturity or by reason of acceleration pursuant to the terms of this Agreement or by notice of intention to prepay, or by required prepayment or failure to pay any other liabilities or make any other payment, fee or charge provided for herein when due or in any Transaction Document;

10.2 issuance of a notice of lien, levy assessment, injunction attachment or service against any portion of any Debtor's property;

10.3 failure or neglect of Debtor to perform, keep or observe any term, provision, condition, covenant herein contained herein or in any Transaction Document (to the extent such breach is not otherwise embodied in any other provision of this Article X for which a different grace or cure period is specified or which constitute an immediate Event of Default, which is not cured within fifteen (15) Business Days after the occurrence of such Event of Default;

10.4 any judgment or judgments are rendered or judgment liens filed against Debtor for an aggregate amount in excess of \$50,000;

10.5 Debtor or any Affiliate of Debtor shall (a) apply for, consent to or suffer the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar fiduciary of itself or of all or a substantial part of its property, (b) make a general assignment for the benefit of creditors, (c) commence a voluntary case under any state or federal bankruptcy laws (as now or hereafter in effect), (d) be adjudicated a bankrupt or insolvent, (e) file a petition seeking to take advantage of any other law providing for the relief of debtors, (f) acquiesce to, or fail to have dismissed, within thirty (30) days, any petition filed against it in any involuntary case under such bankruptcy laws, or (g) take any action for the purpose of effecting any of the foregoing;

10.6 Debtor shall admit in writing its inability, or be generally unable, to pay its debts as they become due or cease operations of its present business;

10.7 any change in the condition or affairs of Debtor (financial or otherwise) which could have a Material Adverse Effect;

10.8 any provision of this Agreement shall, for any reason, cease to be valid and binding on Debtor, or Debtor shall so claim in writing to Lenders;

10.9 any Governmental Body having jurisdiction over the Debtor shall revoke, terminate, suspend or adversely modify any license or permit of Debtor;

10.10 any failure to remain in good standing in any jurisdiction in which the Debtor is required to registered;

10.10 any Event of Default under the Note.

XI. LENDERS' RIGHTS AND REMEDIES AFTER DEFAULT.

11.1 Rights and Remedies. Upon the occurrence of (a) an Event of Default pursuant to Article X all Obligations shall be immediately due and payable and this Agreement and the obligation of Lenders to make Advances shall be deemed terminated; and (b) any of the other Events of Default and at any time thereafter at the option of Lenders all Obligations shall be immediately due and payable and Lenders shall have the right to terminate this Agreement and to terminate the obligation of Lenders to make Advances. Upon the occurrence of any Event of Default, Lenders shall have the right to exercise any and all other rights and remedies provided for herein, under the law or equity generally.

11.2 Lenders' Discretion. Except as otherwise provided herein, Lenders shall have the right in their sole discretion to determine which rights, liens, security interests or remedies Lenders may at any time pursue, relinquish, subordinate, or modify or to take any other action with respect thereto and such determination will not in any way modify or affect any of Lenders' or Lenders' rights hereunder.

11.3 Setoff. In addition to any other rights which Lenders may have under applicable law, upon the occurrence of an Event of Default, Lenders shall have a right to apply Debtor property held by such Lenders to reduce the Obligations.

11.4 Rights and Remedies not Exclusive. The enumeration of the foregoing rights and remedies is not intended to be exhaustive and the exercise of any right or remedy shall not preclude the exercise of any other right or remedy provided for herein or otherwise provided by law, all of which shall be cumulative and not alternative.

XII. WAIVERS AND JUDICIAL PROCEEDINGS.

12.1 Waiver of Notice. Debtor hereby waives notice of non-payment of any of the Loans, demand, presentment, protest and notice thereof with respect to any and all instruments, notice of acceptance hereof, notice of loans or advances made, credit extended, Accounts received or delivered, or any other action taken in reliance hereon, and all other demands and notices of any description, except such as are expressly provided for herein.

12.2 Delay. No delay or omission on Lenders' part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any default.

12.3 Jury Waiver. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION (A) ARISING UNDER THIS AGREEMENT OR ANY TRANSACTION, DOCUMENT OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO THIS AGREEMENT OR ANY TRANSACTION DOCUMENT OR THE TRANSACTIONS RELATED HERETO OR THERETO IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND EACH PARTY TO THIS AGREEMENT HEREBY CONSENTS THAT ANY SUCH CLAIM, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENTS OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

12.4 Governing Law and Jurisdiction. THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCLUDING ITS CONFLICT OF LAWS RULES. The Debtor hereby irrevocably consents to the exclusive jurisdiction of the state and federal courts located in the State and County of New York, provided that nothing contained in this Agreement will prevent the Lenders from bringing any action, enforcing any award or judgment or exercising any rights against the Debtor individually, against any security or against any property of the Debtor within any other county, state or other foreign or domestic jurisdiction. The Lenders and the Debtor agree that the venue provided above is the most convenient forum for both the Lenders and the Debtor. The Debtor waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

XIII. EFFECTIVE DATE AND TERMINATION.

13.1 Termination. The termination of this Agreement shall not affect Lenders' rights, or any of the Obligations having their inception prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all transactions entered into, rights or interests created or Obligations have been fully disposed of, concluded or liquidated. The rights granted to Lenders hereunder shall continue in full force and effect, notwithstanding the termination of this Agreement, until all of the Obligations of Debtor have been paid or performed in full. All representations, warranties, waivers and agreements contained herein shall survive termination hereof until all Obligations are paid or performed in full.

13.2 Final Advance. Lender will not be allowed to request any further Advances after December 31, 2018.

XIV. WAIVER OF SUBROGATION.

14.1 Waiver of Subrogation. Debtor expressly waives any and all rights of subrogation, reimbursement, indemnity, exoneration, contribution of any other claim which Debtor may now or hereafter have against any Person directly or contingently liable for the Obligations hereunder, or against or with respect to Debtor's property (including, without limitation, any property which is collateral for the Obligations), arising from the existence or performance of this Agreement, until termination of this Agreement and repayment in full of the Obligations.

XV. MISCELLANEOUS.

15.1 Entire Understanding. This Agreement and the Transaction Documents contain the entire understanding between Debtor and Lenders and supersedes all prior agreements and understandings, if any, relating to the subject matter hereof. Neither this Agreement nor any portion or provisions hereof may be changed, modified, amended, waived, supplemented, discharged, cancelled or terminated orally or by any course of dealing, or in any manner other than by an agreement in writing, signed by the party to be charged. Debtor acknowledges that it has been advised by counsel in connection with the execution of this Agreement and the Transaction Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement.

15.2 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Debtor and Lenders and their respective successors and assigns, except that Debtor may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of Lenders.

15.3 Notice. Any notice or request hereunder may be given to Debtor and Lenders at their respective addresses set forth below or at such other address as may hereafter be specified in a notice designated as a notice of change of address under this Section. Any notice or request hereunder shall be given by (a) hand delivery, (b) overnight courier, (c) registered or certified mail, return receipt requested, or (d) telecopy to the number set out below (or such other number as may hereafter be specified in a notice designated as a notice of change of address) with electronic confirmation of its receipt. Any notice or other communication required or permitted pursuant to this Agreement shall be deemed given (a) when personally delivered to any officer of the party to whom it is addressed, (b) on the earlier of actual receipt thereof or three (3) business days following posting thereof by certified or registered mail, postage prepaid, or (c) upon actual receipt thereof when sent by a recognized overnight delivery service or (d) upon actual receipt thereof when sent by telecopier to the number set forth below with electronic confirmation of its receipt, in each case addressed to each party at its address set forth below or at such other address as has been furnished in writing by a party to the other by like notice:

(i) If to Lenders to:

The addresses on Schedule A.

With a copy by fax to:

Grushko & Mittman, P.C.
515 Rockaway Avenue
Valley Stream, NY 11581
Fax: (212) 697-3575

(ii) If to Debtor to:

Reign Sapphire Corporation
9465 Wilshire Boulevard
Beverly Hills, CA 90212

With a copy by fax only to:

Bart and Associates, LLC
8400 East Prentice Avenue, Suite 1500
Greenwood Village, CO 80111
Fax: (720) 528-7765

15.4 Severability. If any part of this Agreement is contrary to, prohibited by, or deemed invalid under applicable laws or regulations, such provision shall be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, but the remainder hereof shall not be invalidated thereby and shall be given effect so far as possible.

15.5 Expenses. All costs and expenses including, without limitation, (i) reasonable attorneys' fees and disbursements incurred by Lenders (a) in all efforts made to enforce payment of any of the Obligations or effect collection of any Accounts, or (b) in connection with the entering into, modification, amendment, administration and enforcement of this Agreement or the Transaction Documents or any consents or waivers hereunder or thereunder, or (c) in instituting, maintaining, preserving, enforcing and foreclosing on Lenders' security interest in any of the Accounts, whether through judicial proceedings or otherwise, or (d) in defending or prosecuting any actions or proceedings arising out of or relating to Lenders' transactions with Debtor and (ii) reasonable fees and disbursements incurred by Lenders in connection with any appraisals of the Accounts, field examinations, collateral analysis or monitoring or other business analysis conducted by outside Persons in connection with this Agreement and the Transaction Documents, shall be part of the Obligations.

15.6 Injunctive Relief. Debtor recognizes that if Debtor fails to perform, observe or discharge any of its obligations under this Agreement, any remedy at law may prove to be inadequate relief to Lenders; therefore, Lenders, if Lenders so requests relief to Lenders; therefore, Lenders, if Lenders so requests, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving that actual damages are not an adequate remedy.

15.7 Consequential Damages. Lenders shall not be liable to Debtor for consequential damages arising from any breach of contract, tort or other wrong relating to the establishment, administration or collection of the Obligations.

15.8 Captions. The captions at various places in this Agreement are intended for convenience only and do not constitute and shall not be interpreted as part of this Agreement.

15.9 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

15.10 Construction. The parties acknowledge that each party and its counsel have reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits thereto.

15.11 Lenders Legal Fees. The Debtor shall be responsible for \$2,500 of the Lenders' legal fees in connection with the preparation of this Agreement and \$750 for each Advance for the preparation of the documents for each Advance.

[REST OF THIS PAGE LEFT INTENTIONALLY BLANK]

In witness of whereof the parties have caused this agreement to be duly executed as of the date written above.

DEBTOR

Reign Sapphire Corporation

By: Joseph Segelman

Title: CEO

LENDERS

Alpha Capital Anstalt

By: Konrad Ackerman
Its: Director

Brio Capital Master Fund, Ltd.

By: Shaye Hirsch
Its: Director

EXHIBITS

Exhibit A: Note
Exhibit B: Guaranty

SCHEDULES

Schedule A Lenders Information
Schedule 2.2 Advances

Schedule A

Lender
Alpha Capital Anstalt Lettstrasse 32 9490 Vaduz Liechtenstein
Brio Capital Master Fund Ltd. 100 Merrick Road, Suite 401W Rockville Center, NY 11570

Schedule 2.2

Advance Date	Amount
Closing	\$125,000
Fourth Quarter of 2017	up to \$250,000
First Quarter of 2018	up to \$250,000
Second Quarter of 2018	up to \$250,000
Third Quarter of 2018	up to \$250,000
Total	\$1,125,000

THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER, AT THE COMPANY'S EXPENSE), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

Principal Amount: [RC purchase price +10%]
[RC]
Purchase Price

Issue Date:

SECURED PROMISSORY NOTE

FOR VALUE RECEIVED, Reign Sapphire Corporation, an entity formed under the laws of the State of Delaware (hereinafter called "**Debtor**"), hereby promises to pay to the order of [RC], maintaining an address at [RC] ("**Holder**") without demand, the sum of [RC] Dollars (\$[RC]) ("**Principal Amount**"), with interest accruing thereon, on [RC Issue Date + 18 months] (the "**Maturity Date**"), subject to acceleration as described below.

This Note has been entered into pursuant to the terms of a loan agreement among the Borrower and Holder dated of even date herewith (the "**Loan Agreement**"). Capitalized terms not defined herein shall have the meanings set forth in the Loan Agreement.

ARTICLE I GENERAL PROVISIONS

- 1.1 Interest Rate. Interest on this Note shall not bear interest prior to a default. After the Maturity Date and during the pendency of an Event of Default, (as defined in Article III) a default interest rate of twenty four percent (24%) per annum shall be in effect.
- 1.2 No Grace Period. The Borrower shall not have any to pay any monetary amounts due under this Note.
- 1.3 Prepayment. The Borrower may prepay all sums due on this Note without any penalty.

**ARTICLE II
EVENT OF DEFAULT**

The occurrence of any of the following events of default ("**Event of Default**") occurring after Closing and not otherwise disclosed and excluded in the Loan Agreement and schedules thereto, shall, at the option of the Holder hereof, make all sums of principal and interest then remaining unpaid hereon and all other amounts payable hereunder immediately due and payable, upon demand, without presentment or grace period, all of which hereby are expressly waived, except as set forth below:

2.1 Failure to Pay Principal or Interest. The Borrower fails to pay any installment of principal or interest under this Note when due or fails to pay any sums due under this Note when due.

2.2 Breach of Covenant. The Borrower breaches any material covenant or other term or condition of the Loan Agreement, Transaction Documents or this Note in any material respect.

2.3 Breach of Representations and Warranties. Any material representation or warranty of the Borrower made herein, in the Loan Agreement, or the Transaction Documents shall be false or misleading in any material respect as of the date made and the Closing Date.

2.4 Liquidation. Any dissolution, liquidation or winding up by Borrower of a substantial portion of their business.

2.5 Cessation of Operations. Any cessation of operations by Borrower.

2.6 Maintenance of Assets. The failure by Borrower to maintain any material intellectual property rights, personal, real property, equipment, leases or other assets which are necessary to conduct its business (whether now or in the future) and such breach is not cured with fifteen (15) days after written notice to the Borrower from the Holder.

2.7 Receiver or Trustee. The Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver or trustee for it or for a substantial part of its property or business; or such a receiver or trustee shall otherwise be appointed.

2.8 Judgments. Any money judgment, writ or similar final process shall be entered or made in a non-appealable adjudication against Borrower or any of its property or other assets for more than \$50,000 in excess of the Borrower's insurance coverage, unless stayed vacated or satisfied within thirty (30) days.

2.9 Bankruptcy. Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings or relief under any bankruptcy law or any law, or the issuance of any notice in relation to such event, for the relief of debtors shall be instituted by or against the Borrower.

2.10 Non-Payment. A default by the Borrower under any one or more obligations in an aggregate monetary amount in excess of \$50,000 for more than twenty (20) days after the due date, unless the Borrower is contesting the validity of such obligation in good faith, or unless such default has been waived by the holder(s) of such obligations.

2.11 Event Described in Loan Agreement. The occurrence of an Event of Default as described in the Loan Agreement or any other Transaction Document that, if susceptible to cure, is not cured during any designated cure period.

**ARTICLE III
MISCELLANEOUS**

3.1 Failure or Indulgence Not Waiver. No failure or delay on the part of the Holder hereof in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

3 . 2 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to the Borrower to: Reign Sapphire Corporation, Inc., 9465 Wilshire Boulevard, Beverly Hills, CA 90212, Attn: Joseph Segelman, President and CEO, fax: (323) 704-3255, with a copy by fax only to: Bart and Associates, LLC, 8400 East Prentice Avenue, Suite 1500, Greenwood Village, CO 80111, fax: (720)-528-7765, Attn: Ken Bart, and (ii) if to the Holder, to the name, address and facsimile number set forth on the front page of this Note, with a copy by fax only to Grushko & Mittman, P.C., 515 Rockaway Avenue, Valley Stream, New York 11581, facsimile: (212) 697-3575.

3.3 Amendment Provision. The term "Note" and all reference thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.

3.4 Assignability. This Note shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Holder and its successors and assigns. The Borrower may not assign its obligations under this Note.

3.5 Cost of Collection. If default is made in the payment of this Note, Borrower shall pay the Holder hereof reasonable costs of collection, including reasonable attorneys' fees.

3 . 6 Governing Law. This Note shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of laws principles that would result in the application of the substantive laws of another jurisdiction. Any action brought by either party against the other concerning the transactions contemplated by this Agreement must be brought only in the civil or state courts of New York or in the federal courts located in the State and county of New York. Both parties and the individual signing this Agreement on behalf of the Borrower agree to submit to the jurisdiction of such courts. The prevailing party shall be entitled to recover from the other party its reasonable attorney's fees and costs. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or unenforceability of any other provision of this Note. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Borrower in any other jurisdiction to collect on the Borrower's obligations to Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other decision in favor of the Holder. **This Note shall be deemed an unconditional obligation of Borrower for the payment of money and, without limitation to any other remedies of Holder, may be enforced against Borrower by summary proceeding pursuant to New York Civil Procedure Law and Rules Section 3213 or any similar rule or statute in the jurisdiction where enforcement is sought. For purposes of such rule or statute, any other document or agreement to which Holder and Borrower are parties or which Borrower delivered to Holder, which may be convenient or necessary to determine Holder's rights hereunder or Borrower's obligations to Holder are deemed a part of this Note, whether or not such other document or agreement was delivered together herewith or was executed apart from this Note.**

3.7 Maximum Payments. Nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum rate permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum rate permitted by applicable law, any payments in excess of such maximum rate shall be credited against amounts owed by the Borrower to the Holder and thus refunded to the Borrower. To the extent it may lawfully do so, the Borrower hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by Holder in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Borrower under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "Maximum Rate"), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Borrower may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the Initial Closing Date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Borrower to Holder with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by Holder to the unpaid principal balance of any such indebtedness or be refunded to the Borrower, the manner of handling such excess to be at Holder's election.

3.8 Non-Business Days. Whenever any payment or any action to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York, such payment may be due or action shall be required on the next succeeding business day and, for such payment, such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

3.9 Facsimile Signature. In the event that the Borrower's signature is delivered by facsimile transmission, PDF, electronic signature or other similar electronic means, such signature shall create a valid and binding obligation of the Borrower with the same force and effect as if such signature page were an original thereof.

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IN WITNESS WHEREOF, Borrower has caused this Note to be signed in its name by an authorized officer as of the Issue Date.

REIGN SAPPHIRE CORPORATION

By: _____
Name: Joseph Segelman
Title: President

WITNESS:

PERSONAL GUARANTY1. Identification.

This Guaranty (the "Guaranty"), dated as of June __, 2017, is entered into among Joseph Segelman ("Guarantor") for the benefit of the Alpha Capital Anstalt and Brio Capital Master Fund Ltd. (the "Holders") the holder of those certain notes in the principal amount of up to \$1,125,000.00 (the "Notes") issued (or to be issued) by Reign Sapphire Corporation ("Borrower") to Holders pursuant to that certain Loan Agreement of even date herewith.

2. Recitals.

2.1 Holders have made or will make loans to Borrower in the principal amount of up to \$1,125,000.00 (the "Loans"). Guarantor is a shareholder officer and director of the Borrower and will obtain substantial benefit from the proceeds of the Loans.

2.2 The Loans are evidenced by the Notes.

2.3 In consideration of the Loans made or to be made by Holders to Borrower and for other good and valuable consideration, and as security for the performance by Borrower of its obligations under the Notes and as security for the repayment of the Loans and all other sums due from Borrower to Holders arising under the Notes, collectively, the "Obligations", Guarantor, for good and valuable consideration, receipt of which is acknowledged, has agreed to enter into this Guaranty.

3. Guaranty.

3.1 Guaranty. Guarantor hereby unconditionally and irrevocably, jointly and severally with the Borrower, guarantees, the punctual payment, performance and observance when due, whether at stated maturity, by acceleration or otherwise, of all of the Obligations now or hereafter existing, whether for principal, interest (including, without limitation, all interest that accrues after the commencement of any insolvency, bankruptcy or reorganization of the Borrower, whether or not constituting an allowed claim in such proceeding), fees, commissions, expense reimbursements, liquidated damages, indemnifications or otherwise (such obligations, to the extent not paid by the Borrower being included in the Obligations), and agrees to pay any and all reasonable costs, fees and expenses (including reasonable counsel fees and expenses) incurred by the Holders in enforcing any rights under the guaranty set forth herein. Without limiting the generality of the foregoing, Guarantor's liability shall extend to all amounts that constitute part of the Obligations and would be owed by Borrower to Holders, but for the fact that they are unenforceable or not allowable due to the existence of an insolvency, bankruptcy or reorganization involving Borrower.

3.2 Guaranty Absolute. Guarantor guaranties that the Obligations will be paid strictly in accordance with the terms of the Notes, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Holders with respect thereto. The obligations of Guarantor under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against Guarantor to enforce such Obligations, irrespective of whether any action is brought against the Borrower or whether the Borrower or any other Guarantor is joined in any such action or actions. The liability of the Guarantor under this Guaranty constitutes a primary obligation, and not a contract of surety, and to the extent permitted by law, shall be irrevocable, absolute and unconditional irrespective of, and Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of the Notes or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Notes, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to Borrower or otherwise;

(c) any taking, exchange, release, subordination or non-perfection of any Collateral, or any taking, release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations;

(d) any change, restructuring or termination of the corporate, limited liability company or partnership structure or existence of Borrower; or

(e) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Holders that might otherwise constitute a defense available to, or a discharge of, Borrower or any other Guarantor or surety.

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Holders or any other entity upon the insolvency, bankruptcy or reorganization of Borrower or otherwise (and whether as a result of any demand, settlement, litigation or otherwise), all as though such payment had not been made.

3.3 Waiver. Guarantor hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that the Holders or exhaust any right or take any action against Borrower or any other Guarantor, person or entity or any collateral. Guarantor acknowledges that it will receive direct and indirect benefits from the SEA and financing arrangements contemplated herein and that the waiver set forth in this Section 3.3 is knowingly made in contemplation of such benefits. Guarantor hereby waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Obligations, whether existing now or in the future.

3.4 Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the later of the indefeasible cash payment in full of the Obligations and all other amounts payable under this Guaranty and Notes, (b) be binding upon Guarantor, his successors and assigns and (c) inure to the benefit of and be enforceable by the Holders and its successors, pledgees, transferees and assigns. Without limiting the generality of the foregoing clause, (c) Holders may pledge, assign or otherwise transfer all or any portion of its rights and obligations under this Guaranty (including, without limitation, all or any portion of its Notes owing to it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted such Holder herein or otherwise.

3.5 Subrogation. Guarantor will not exercise any rights that it may now or hereafter acquire against the Holders or other Guarantor (if any) that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Holders or other Guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security solely on account of such claim, remedy or right, unless and until all of the Obligations and all other amounts payable under this Guaranty shall have been indefeasibly paid in full.

4. Miscellaneous.

4.1 Expenses. Guarantor shall pay to the Holders, on demand, the amount of any and all reasonable expenses, including, without limitation, attorneys' fees, legal expenses and brokers' fees, which the Holders may incur in connection with exercise or enforcement of any the rights, remedies or powers of the Holders hereunder or with respect to any or all of the Obligations.

4.2 Waivers, Amendment and Remedies. No course of dealing by the Holders and no failure by the Holders to exercise, or delay by the Holders in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right, remedy or power of the Holders. No amendment, modification or waiver of any provision of this Guaranty and no consent to any departure by Guarantor therefrom, shall, in any event, be effective unless contained in a writing signed by the Holders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The rights, remedies and powers of the Holders, not only hereunder, but also under any instruments and agreements evidencing or securing the Obligations and under applicable law are cumulative, and may be exercised by the Holders from time to time in such order as the Holders may elect.

4.3 Notices. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

To Guarantor: [RC]

To Holders: [RC]

If to Holders with a copy by fax only (which shall not constitute notice) to Grushko & Mittman, P.C.
Fax: (212) 697-3575

Any party may change its address by written notice in accordance with this paragraph.

4.4 Term; Binding Effect. This Guaranty shall (a) remain in full force and effect until payment and satisfaction in full of all of the Obligations; (b) be binding upon Guarantor and its successors and permitted assigns; and (c) inure to the benefit of the Holders and its respective successors and assigns. Upon the payment in full of the Obligations, (i) this Guaranty shall terminate and (ii) the Holders will, upon Guarantor's request and at Guarantor's expense, execute and deliver to Guarantor such documents as Guarantor shall reasonably request to evidence such termination, all without any representation, warranty or recourse whatsoever.

4.5 Captions. The captions of Paragraphs, Articles and Sections in this Guaranty have been included for convenience of reference only, and shall not define or limit the provisions hereof and have no legal or other significance whatsoever.

4.6 Governing Law; Venue; Severability. This Guaranty shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts or choice of law. Any legal action or proceeding against Guarantor with respect to this Guaranty may be brought in the state and federal courts located in the State and County of New York, and, by execution and delivery of this Guaranty, Guarantor hereby irrevocably accepts for himself and in respect of his property, generally and unconditionally, the jurisdiction of the aforesaid courts. Guarantor hereby irrevocably waives any objection which they may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Guaranty brought in the aforesaid courts and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. If any provision of this Guaranty, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provisions which can be given effect without the invalid provision or application, and to this end the provisions hereof shall be severable and the remaining, valid provisions shall remain of full force and effect. **This Guaranty shall be deemed an unconditional obligation of the Guarantor for the payment of money and, without limitation to any other remedies of Holders, may be enforced against Guarantor by summary proceeding pursuant to New York Civil Procedure Law and Rules Section 3213 or any similar rule or statute in the jurisdiction where enforcement is sought. For purposes of such rule or statute, any other document or agreement to which Holders and Guarantor are parties or which Guarantor delivered to Holders, which may be convenient or necessary to determine Holders' rights hereunder or Guarantor's obligations to Holders are deemed a part of this Guaranty, whether or not such other document or agreement was delivered together herewith or was executed apart from this Guaranty.** The Guarantor agrees that service of process in any action brought by the Holders to enforce the terms of this Guaranty may be made by sending such documents to Guarantor in the same manner that notice is to be made in accordance with Section 4.3 of this Guaranty. Nothing herein shall preclude Holders from effectuating service in any other manner allowable under applicable law.

4.7 Satisfaction of Obligations. For all purposes of this Guaranty, the payment in full of the Obligations shall be conclusively deemed to have occurred when the Obligations have been indefeasibly paid.

4.8 Execution. This Agreement may be executed and delivered by electronic signature and transmission.

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IN WITNESS WHEREOF, the undersigned has executed and delivered this Guaranty, as of the date first written above.

GUARANTOR

Yosef Segelman