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ASX Announcement

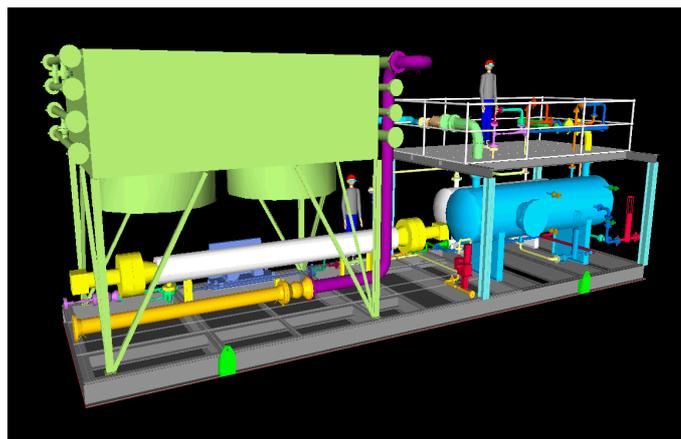
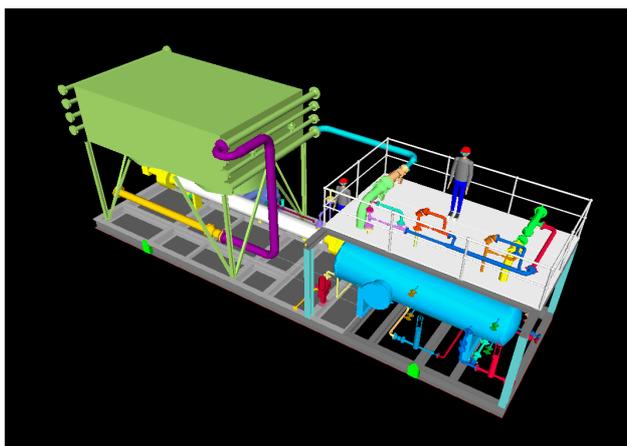
Commencement of Site Works for UCTL Pilot Plant

Commencement of Site Works

The Directors of Regal Resources Limited (“Regal”) are pleased to announce that it has commenced site works for the Underground Coal to Liquids (UCTL) Pilot Plant at Oak Park. Aussie Water Bores has been awarded the drilling contract, and construction of the groundwater monitoring bore holes, once commenced, is expected to take four weeks to complete. Once the monitoring bores are completed, baseline groundwater samples will be collected immediately, paving the way for commencement of Pilot Testing.

Fabrication on Schedule

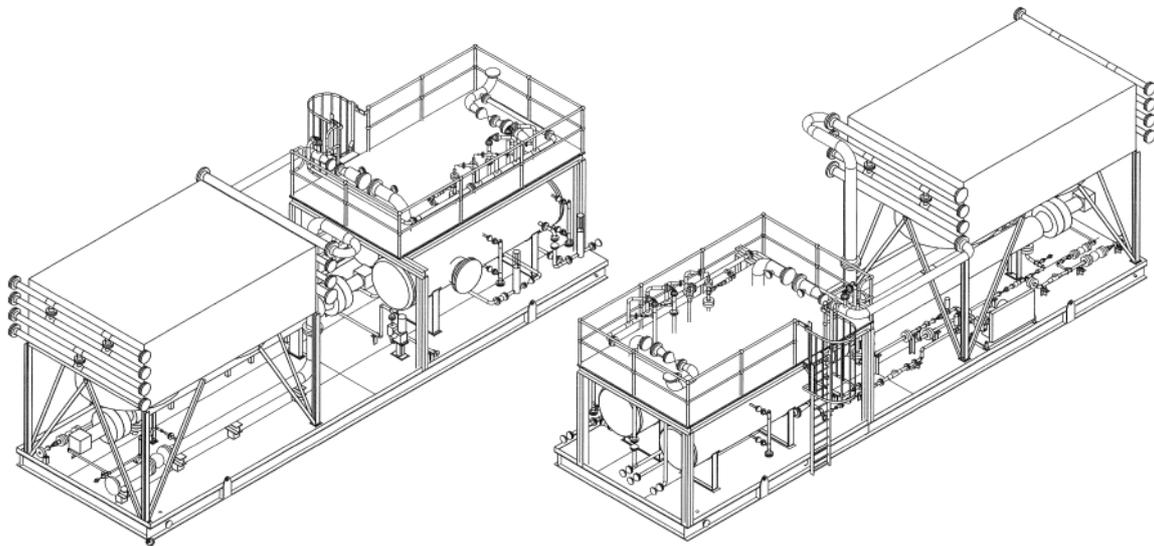
Fabrication models for the UCTL Pilot Plant have been received from Process Group, and orders for all key components have now been placed and fabrication has commenced.



Above: UCTL Process Plant Design provided by Process Group

Process Group is Regal's primary supplier for the UCTL Pilot Plant. Process Group, established in 1978, is Australia's leading supplier of packaged process systems and process trains for the oil & gas production, refining, petrochemical & carbon capture industries.

Their head office is located in Melbourne Australia, and is responsible for all business activities for Australia, New Zealand, South East Asia and China, including engineering and fabrication undertaken in South East Asia. They also have a new purpose-built facility located in the International City Abu Dhabi (ICAD) Industrial zone, which is responsible for projects for the Middle East and North Africa regions. The Process Group also maintains an office facility in Singapore, where sales and project engineering support staff are based. This office provides direct and local support for The Process Group's business activities and relationships throughout South East Asia, and for supervision of fabrication in Singapore, Indonesia and Malaysia.



Above: UCTL Process Plant General Arrangement

Process Group has finalised projects for Queensland Clean Fuels located at BP Bulwer Island Refinery, Origin Energy, located at Yolla and Shell New Zealand. It has recently been awarded a contract by PT Saipem Indonesia, for the supply of a MEG Regeneration Package, which is being designed in Melbourne and will be fabricated in Indonesia with support from the Singapore regional office. A further contract has been awarded for the Ujung Pangkah Offshore Produced Water Treatment Package by PT Gunanusa Utama Fabricators, with the package installed at the Hess Indonesia operated field located offshore from East Java, Indonesia.



Above: Heater Vessel Fabrication

Left: Flash Separator Vessel Fabrication

In consultation with Regal's management team, Process Group was able to design the Pilot Plant to ensure it provides flexibility of control and usage while maintaining a fabrication size that will enable the plant to be easily transported to new locations within Australia or shipped overseas using conventional shipping containers.

The design flexibility also provides Regal (subject to relevant approvals) with the opportunity to test other potential applications of the UCTL process on resources such as oil shales, other lignites, higher rank coals and tar sands.

The design of the Pilot Plant and the UCTL process takes advantage of utilizing conventional oil field technology that is inexpensive and readily available, therefore removing the requirement for above ground processing equipment such as a coal to liquids plant, which costs between \$500 million and \$3 billion to construct.

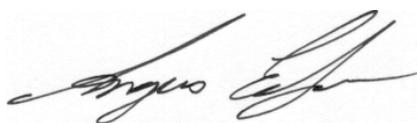
As the UCTL process occurs "in-situ" within the coal seam, some of the benefits in development include:

- No traditional mining with associated overburden removal
- No release of coal gasses directly to the atmosphere
- Low capital costs
- Utilises "off the shelf" capital items such as jet pumps, heat exchanges and boilers, which are low cost and readily available
- Ability to avoid ground subsidence via residual coal pillars being retained with the use of directional drilling
- Possible CO₂ sequestration from use of the residual underground void
- Low CO₂ emissions

In line with Regal's hope of providing an environmentally friendly coal to liquids process (in comparison to other traditional coal to liquid processes), a flora and fauna survey has been completed of the Pilot Plant site to ensure that its location does not interfere with any protected native vegetation. Pending final site layout approval by regulators, Regal anticipates to commence drilling within the next two weeks.

The Pilot Plant construction and testing of the UCTL process is on schedule and within budget for commencement in testing Q1 of 2010.

For further information please contact Mr Angus Edgar (+61) 3 8610 8600.

A handwritten signature in black ink, appearing to read 'Angus Edgar', written in a cursive style.

Angus Edgar
Managing Director