



WE ARE
NOW
POSITIONED
TO
IMPLEMENT
THE FINAL
TESTING
PHASE IN
PROVING OUR
INNOVATIVE
UCTL
PROCESS

corporate directory

Directors

Anthony Short -
Non-executive Director - Chairman
Angus Edgar - Managing Director
Rohan Gillespie - Non-executive Director
Bretton Cooper - Non-executive Director

Company Secretary

Adrien Wing

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ASX Code

Ordinary shares - RER
Listed options - REROB

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REGAL
RESOURCES
HOLDS THE
WORLD-WIDE
RIGHTS TO
DEVELOP AND
COMMERCIALISE
THE UCTL
PROCESS WHICH
AIMS TO CONVERT
LOW RANK
COAL / LIGNITE INTO
HYDROCARBON
AND GAS
PRODUCTS

The **UCTL** process is novel, with two patents pending, and if successful, is highly likely to offer significant advantages over competing coal-to-liquids technologies

MANAGING DIRECTOR'S LETTER

The Board of Regal Resources Limited has pleasure in presenting its Annual Report for 2009.

During the year, the Company focused on strengthening the balance sheet, eliminating debts and seeking solid opportunities that aim at improving shareholder value. I can confirm on behalf of your Board that we achieved such objectives.

The Company is delighted to announce that it holds the world-wide exclusive rights to develop and commercialise the Underground Coal To Liquids (UCTL) process, which aims to convert low rank brown coal / lignite into liquid hydrocarbon and gas products within the coal seam. The Company has now shifted its primary focus from its gold and nickel projects in Western Australia to developing and commercialising the UCTL process world-wide.

During the year, the Company raised in excess of \$5.4 million in cash, and eliminated over \$460,000 in debt. The cash raised from the fundraising has been primarily commissioned to build a Pilot Plant to test the UCTL process. The Company is pleased to announce that it achieved a crucial key milestone when it received approval from the Department of Primary Industries and Environment Protection Authority to commence the Pilot Plant in Q1 of 2010. Construction of the Pilot Plant is well underway and within budget.

The Company is also happy to note that it has entered into a joint venture arrangement with Black Mountain Gold, a wholly owned subsidiary of Interim Resources Ltd, on the Menzies gold project. The Company continues to undertake care and maintenance on the other mining projects and is currently reviewing all opportunities regarding such assets.

With the ongoing support of its investor base, the Board has strongly embraced the decision to develop the UCTL process and will continue to inform the market as further developments come to hand.

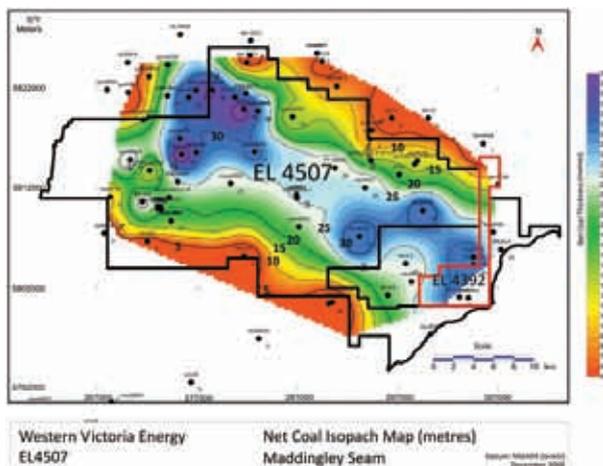
Yours faithfully



Angus Edgar

REVIEW OF ACTIVITIES

Figure 1: Exploration Licence 4507 Tenement Area



During the year, Regal Resources Limited (“Regal” or “the Company”) made a number of strategic acquisitions which has seen it shift its focus from a junior gold exploration company to the holder of the exclusive world-wide rights to a new process invention called Underground Coal To Liquids (UCTL).

In December 2008, Regal Resources entered into a Heads of Agreement with Western Victoria Energy Pty Ltd (“WVE”), to acquire 100% of the capital of WVE.

WVE holds two Victorian Exploration Licences (ELs), being EL 4507 covering 762km² and EL 4510 covering 669km². Both ELs evidence the potential for significant quantities of brown coal / lignite, which is highly suitable to test the UCTL process.

During the year, Regal shareholders, via WVE, acquired 100% of Magma Oil Pty Ltd (previously Magma Oil Limited) (“Magma”). Magma was formed for the special purpose of developing, demonstrating and commercialising the technology associated with the UCTL process.

Underground Coal To Liquids

Underground Coal To Liquids (UCTL) is a new process invention which aims to convert low rank brown coal / lignite into valuable commodities within the coal seam (“in-situ”).

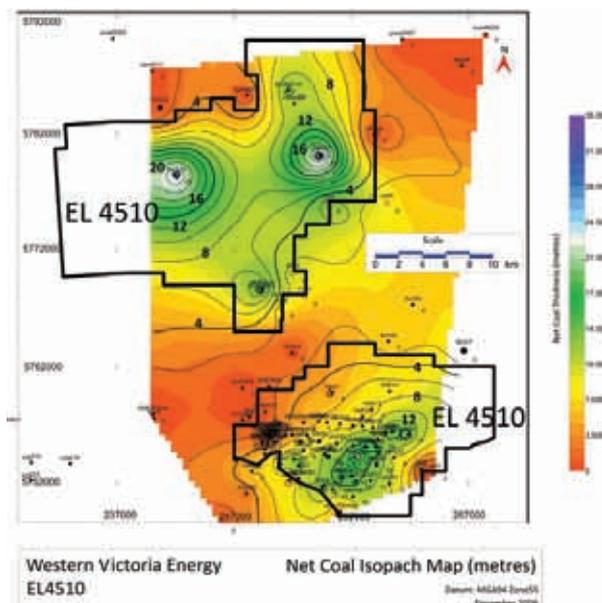
The process is novel, and has not been attempted previously. It is subject to two patent applications (PCT) lodged by the inventor, Mr Peter O’Dowd. One patent covers the overall UCTL process and the second patent covers the delivery of Water with Supercritical Properties (“WSP”) which is water with high kinetic energy delivered using a jet pump and purpose designed nozzle.

Conversion of coal to oil using supercritical water is a proven process. Supercritical water is water at high pressure and high temperature. WSP replicates supercritical properties by substituting high pressure with high velocity.

The liquid hydrocarbons and steam produced from the process are extracted from the below ground coal seam with conventional oil field technology that is inexpensive and readily available.

A technical due diligence review by leading oil and gas engineering consultants AMEC (UK) has concluded that the UCTL process is an interesting and innovative process which, if successful, is highly likely to offer significant advantages over competing coal-to-oil technologies.

Figure 2: Exploration Licence 4510



How does it work?

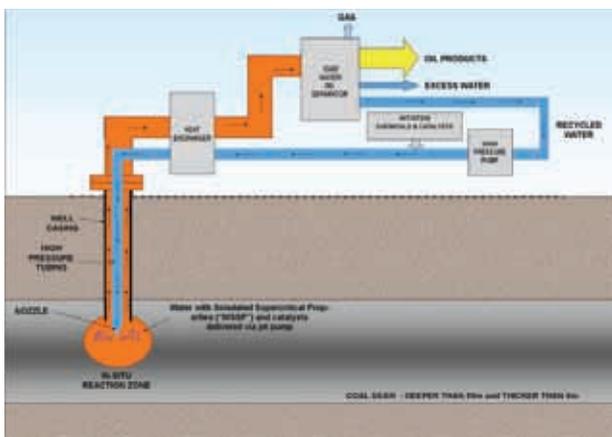
Access is gained to the coal seam via existing or new wells drilled in a conventional manner. Small quantities of the non-toxic initiation catalysts are introduced into the coal seam that creates a heat reaction, increasing the temperature to over 300°C. This reaction occurs in a confined location within the immediate vicinity of the well, and has previously been successfully laboratory bench tested.

As the temperature approaches approximately 300°C, the initiation chemicals are gradually replaced with WSP and the liquefaction of the coal continues. The water content and impurities of brown coal / lignite contribute towards the liquefaction process. Liquefaction products are then extracted from the reaction zone via the annulus of the well and collected and separated using conventional oil well equipment.

Proven above ground coal to liquid processes has verified that similar lignite has a conversion ratio of one barrel of oil equivalent per tonne of coal. The substantial world-wide brown coal / lignite deposits are potential resource targets for the UCTL process.

The economic implications on UCTL becoming a proven process are significant.

Figure 3: UCTL Process



Benefits of UCTL

The UCTL process can access coals by re-using depleted oil / gas wells that have intersected coal. Other potential benefits of the UCTL process include:

- No requirement for mining the coal as the process occurs "in situ";
- No requirement for above ground process equipment such as a coal to liquid plant costing between \$500 million and \$3 billion;
- Capital cost of the UCTL process is very low as the majority of the plant is conventional oil field equipment;
- The process can be applied to other coals and shale oil;
- The UCTL process has inherently low CO₂ emissions when compared to other processes; and
- Substantial heat is recoverable for use in electricity generation.

Oak Park Pilot Test

During the year, Regal placed 148.2 million new shares at an issue price of 3.5 cents each to raise \$5,187,999 before any associated costs. Of this amount, funding of at least \$3,800,000 has been allocated to develop the Pilot Test Plant to prove the UCTL process.

The Pilot Test Plant will be located at Oak Park, which is located in EL 4507 and approximately two kilometres to the west of the You Yangs. The Oak Park location has five existing wells that are in good condition for testing the UCTL process and were drilled and completed during 2002 as part of a coal seam methane test. The wells have been well maintained and require little or no modification for use in the UCTL Pilot Test.

Magma has advised Regal that it has signed an agreement with the landowners who hold title over the Oak Park location within EL 4507, and have agreed to grant Magma exclusive and unimpeded access to the site. The agreement is for a 12 month period and gives Magma sufficient time to complete construction works and the active operation phase to undertake the UCTL Pilot Test, which is anticipated to begin in the first quarter of 2010.

The UCTL Pilot Test is subject to regulatory approvals being granted and will be administered by the Department of Primary Industries ("DPI") under the Mineral Resources (Sustainable Development) Act 1990.

Figure 4: Exploration Licence Locations



The Approvals Application is a highly detailed document that covers all aspects of the proposed Pilot Test and details issues that incorporate governance from the DPI, Environmental Protection Authority (“EPA”), Department of Sustainability and Environment and Southern Rural Water and local Government agencies. The Approval Application has been granted by the DPI and the EPA.

Current activities - UCTL

The development of the Oak Park Pilot Plant continued to advance concurrently while waiting approval from the relevant regulatory authorities.

Magma has made significant progress during recent months on the engineering and design of the Pilot Plant. As a result of the design largely being finalised, certain components of the Pilot Plant that have a longer lead time on fabrication have also been ordered with construction of such components to commence immediately. The design of the Pilot Plant will provide 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 to overseas locations. The design will also provide the flexibility of enabling tests to occur (subject to further regulatory approvals) on other potential UCTL applications such as oil shales, other lignites, higher rank coals and oil sands.

Mining and exploration

Since it listed in 2005, Regal has acquired or delineated through its own exploration gold resources of more than 600,000oz in a number of sub-economic deposits in the Menzies, Leonora and Laverton Districts of Western Australia. As none of these deposits present a development opportunity in the near term, Regal has sought to sell or farm-out the projects so it can focus its attention and resources on the UCTL Process.

Menzies Project

Regal has a 100% interest in six granted mining leases over abandoned open-cut mines and low grade stockpiles at Menzies, which is located 130kms north of Kalgoorlie.

In December 2008, Regal executed a Farm-In and Joint Venture Heads of Agreement with Black Mountain Gold Ltd (“BMG”), a subsidiary of ASX-listed Intermin Resources Ltd, for exploration of the Menzies Project tenements. The agreement was subject to a number of conditions precedent, including shareholder approval, and allowed BMG to earn up to an 80% interest by expending \$1.2 million over a three-year period. Regal may then elect to contribute or further dilute to a 10% free-carried interest.

BMG collated and reviewed the large volume of data from previous mining and exploration and submitted a proposal for drilling of a number of targets. By the end of the financial year, the first-pass aircore drilling had commenced.

At its general meeting on 29 May 2009, Regal shareholders approved a Farm-In Agreement with BGM of this significant asset of the Company.

Eucalyptus Project

The Eucalyptus Project comprises nine granted mining leases and 18 granted prospecting licences in the Eucalyptus Mining Centre, located 132kms northeast of Menzies and 90kms east of Leonora. There are a host of small historic gold diggings in the area and Regal has isolated a number of small deposits, some of which remain open at depth and along strike, with inferred resources of approximately 170,000oz at an average of 2.5g/t Au.

A well-funded third party with a history of successful development of such small, scattered gold deposits has expressed a desire to farm in to the Project, and Regal is actively pursuing this arrangement.

Yerilla Project

A single granted mining lease and 16 granted prospecting licences make up the Yerilla tenement package, located 100kms southeast of Leonora. The tenements cover a historic mining area where Regal has estimated a remaining resource of 21,000oz of gold at an average of 5g/t gold.

In September 2009, Regal entered into a Deed of Sale to dispose of the Yerilla project. Regal retains a 2% production royalty.

Mt Korong and Mt Zephyr Projects

These two semi-contiguous projects cover a large strike length of banded iron formation and greenstones on a regional structural trend that includes the Mt Morgans Mining Centre where in excess of 1 million ozs of gold have been produced.

The Regal tenement holding at Mt Korong comprises 15 granted prospecting licences covering 2,000ha and one recently granted exploration licence of 123km², located 40km west of Laverton and 70km east of Leonora. The area covered by the prospecting licences has received significant historical gold exploration which has led to inferred resources of some 92,000oz of gold at 2.7g/t.

The Mt Zephyr Project extends to the north and west of Mt Korong and comprises two granted exploration licences and eight granted prospecting licences, and is situated 70km northeast of Leonora and up to 60km west of Laverton. A further two exploration licences covering 120km² were recently granted and added to the Mt Zephyr Project.

In April 2008 Newcrest Mining Ltd ("Newcrest") commenced a joint venture with Regal over the Mt Korong and Mt Zephyr Projects. As manager of the joint venture, Newcrest could earn an 80% interest in Mt Korong Project by spending \$2 million over five years but was obliged to sole fund \$200,000 on exploration in the first year before deciding whether to continue expenditure and exploration or withdraw. It could also earn 80% of the Mt Zephyr Project with expenditure of \$750,000 over the same period with a minimum spend of \$100,000 in the first year.

A compilation and appraisal of all geological information and previous exploration work was carried out by Newcrest followed by a detailed aeromagnetic survey on 100m spaced flight lines over both projects. On the Mt Zephyr Project, a programme of soil geochemistry followed by 12 RC drill holes totaling 1678m was completed near the Gale Prospect. Best results were 25m@0.21g/t Au.

On the basis of these results, Newcrest considered that the project area was unlikely to host a gold deposit of sufficient size to meet its corporate requirements. Having met its minimum expenditure, it withdrew from the joint venture in March 2009.

Mt Goose Project

Located 30kms southwest of Laverton, the Mt Goose Project consists of a single exploration licence and four granted prospecting licences, covering a total of 32km². The Project has the potential to host a moderate tonnage of lateritic nickel mineralisation but is yet to be explored in detail. An appropriate sale or joint venture arrangement is being pursued.

Malcolm Project

Consisting of only one isolated mining lease at Malcolm, 19kms east of Leonora, the Project is reported to contain 37,800oz of gold resources at an average grade of 8.27g/t. An RC drilling programme by the previous tenement holder seemed to confine the deposits to two small high grade pods.

This Project would suit a lean operator experienced in the development of small scale deposits. Discussions with such operators aimed at a sale or joint venture are progressing.

Competent Person Statement

Information in this report pertaining to mineral resources and exploration results was compiled by Mr J Jordan who is a member of Aus.I.M.M. Mr J Jordan has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr J Jordan consents to the inclusion in the report of the matters based on his information in the form and the context which it appears.

DIRECTORS' REPORT

DURING THE YEAR, THE COMPANY FOCUSED ON STRENGTHENING THE BALANCE SHEET, ELIMINATING DEBTS AND SEEKING SOLID OPPORTUNITIES THAT AIM AT IMPROVING SHAREHOLDER VALUE.

The Directors of Regal Resources Limited submit herewith the annual financial report of the Company and its controlled entities (the "consolidated entity") for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Directors

ANTHONY SHORT
BPE, B.Comm., GRAD DIP FIN, MAICD
Non-executive Director - Chairman

ANGUS EDGAR
(appointed 20 March 2009)

BRETTON COOPER
BEc(Hons), LLB (Hons) (appointed 16 June 2009)

ROHAN GILLESPIE
BEng (Civil) MBA (appointed 16 June 2009)

MATTHEW SULLIVAN
B.App., Sc., MAusIMM- Managing Director
(resigned 20 March 2009)

GORDON SKLENKA
B.Comm.- Non Executive Director
(resigned 16 June 2009)

Company secretaries

ADRIEN WING
B. Bus, CPA (appointed 26 March 2009)

ROLAND BERZINS
B.Comm. ACPA, FFIN, TA (resigned 16 June 2009)

DAVID BALLANTYNE
MA (Hons), CA (resigned 25 March 2009)

Director Details

ANTHONY SHORT
BPE, B.Comm. GRAD DIP FIN, MAICD
Non-executive Director – Chairman
(Appointed 10 September 2003)

Experience:

Mr. Short has over 13 years experience in the administration and management of listed public companies. He has extensive experience at board level in the management and formation of public companies in the areas of gold mining, drilling, oil and gas and forestry. He has held the position of Chairman in a number of listed public companies and has also acted as corporate advisor to a number of public company listings.

Directorships held in other listed companies over the last three years:

- Palace Resources Ltd, appointed 9 September 2003;
- Advance Energy Ltd, appointed 14 November 2004;
- Odin Energy Ltd, appointed 20 March 2007, resigned 23 February 2009;
- Vector Resources Ltd, appointed 6 January 2005;
- Kilgore Oil and Gas Ltd, appointed 26 September 2007.

ANGUS EDGAR

Managing Director – (Appointed 20 March 2009)

Experience:

Mr Edgar has been employed in the Finance/ Stockbroking industry for 23 years since 1985 with the majority of that time employed with various share broking companies. During that period he has been directly involved with providing corporate advisory services to private and ASX listed companies and the listing of several new companies onto the ASX.

Directorships held in other listed companies over the last three years:

- Transol Corporation Ltd, appointed 28 May 2003;
- Photo-Me Australia Ltd, appointed 9 March 2007; resigned 18 March 2009.

BRETTON COOPER

B.Ec(Hons) LLB (Hon)

Non-executive Director – (Appointed 16 June 2009)

Experience:

Mr Cooper has 30 years experience in the funding and development of new business and commercialising new technologies. Bretton conceived and developed the \$200 million International Park Group and initiated the development of the Australian Sustainable Investment Fund with James Feilding Group (now Mirvac).

Bretton has been involved in the commercialisation of the Aramax building system and was an initial shareholder and director of Regional Infrastructure Pty Ltd (a developer of regional saleyards) and Energy Infrastructure and Resources Limited, a company that specialises in incubating low emission energy businesses focusing on coal bed methane, carbon capture and storage, renewable electricity and clean coal.

Bretton has core competencies in designing and implementing strategic partnerships with large and prominent companies to implement project opportunities in the infrastructure and low emission areas.

ROHAN GILLESPIE

B.Eng (Civil) MBA

Non-executive Director - (Appointed 16 June 2009)

Experience:

Mr Gillespie is the Managing Director of Energy Infrastructure and Resources Limited.

Rohan previously held senior roles with BHP Billiton in its engineering, coal and petroleum divisions and most recently as Vice President and Chief Operating Officer leading the coal bed methane business. Rohan has also been a credit executive with the Commonwealth Bank and held a corporate development role with two energy start-ups; Ceramic Fuel Cells and Renewable Energy Corp.

GORDON SKLENKA

B.Comm

Non-executive Director - (Appointed 11 September 2003; resigned 16 June 2009)

Experience:

Mr. Sklenka graduated from the University of Western Australia with a Bachelor of Commerce degree majoring in accounting and finance. He began his career in chartered accounting and has worked in Sydney and Perth. He has over 17 years experience in corporate finance in the areas of capital raisings, IPO's, acquisitions and project finance in the resources and technology sectors.

He previously worked in the corporate finance area of DJ Carmichael & Co, a large Perth based stockbroker, and also as an in house corporate finance specialist for a group of listed public companies. Prior to this he worked with First Capital Group, a boutique corporate advisory group that specialised in capital raising and financing for international and Australian projects in the resources sector.

He has worked with a number of listed public companies in both Australia and Canada and developed extensive experience in company formation, capital raising and project acquisition.

Directorships held in other listed companies over the last 3 years:

- AXG Mining Ltd, appointed 16 February 2005;
- Tribune Resources NL, appointed 16 August 2004;
- Rand Mining NL, appointed 16 August 2004;
- Advance Energy Ltd, appointed 14 November 2004;
- Vector Resources Ltd, appointed 06 January 2005;
- Kilgore Oil and Gas Ltd, appointed 26 September 2007.

MATTHEW SULLIVAN

B.App., Sc., MAusIMM

Managing Director (Appointed 10 September 2003; resigned 20 March 2009)

Experience:

Mr. Sullivan is an independent consulting geologist with a wide variety of clients, ranging from listed Australian and foreign public companies to private groups.

Mr. Sullivan has more than 18 years experience throughout Australia, The Fiji Islands, Southern Africa and the Russian far east, and has held senior positions with several Australian publicly listed companies.

Mr. Sullivan has been instrumental in the discovery of several significant gold deposits in Western Australia, such as Kanowna Belle (1989 – 90, 5 Million ozs of Au), Safari Bore (1990 – 3, 0.4 Million ozs of Au) and Kundana (1994 – 6, +3 Million ozs of Au).

Directorships held in other listed companies over the last three years:

- Palace Resources Ltd, appointed 9 September 2003.

Company Secretary

ADRIEN WING

Company Secretary B. Bus, CPA (Appointed 20 March 2009)

Experience:

Mr. Wing is CPA qualified. He practised in the audit and corporate divisions of a chartered accounting firm before working with a number of public companies on the Australian Securities Exchange as a corporate/accounting consultant and company secretary.

Review of Operations

The consolidated loss after income tax amounted to \$2,167,849 (2008: \$1,579,095).

A detailed review of the projects is made on page 10 of this report.

Principal Activities

The principal activities of the consolidated entity are:

- to identify and acquire an interest in and value-add to mineral exploration and mining opportunities in both Australia and overseas;
- to commercialise intellectual property for the application of an Underground Coal to Liquid ("UCTL") process; and
- to seek other opportunities for the benefit of increasing shareholder returns.

Changes in State of Affairs

During the financial year the following significant changes in the state of affairs of the Company occurred.

The Company's issued capital increased to \$25,506,390 (2008:\$10,674,292) due to the issue of 422,258,346 (2008:111,260,781) ordinary shares in the Company during the course of the year, plus the addition of 483,006,346 (2008:nil) options, exercisable at 6 cents each.

Furthermore, the Company acquired Western Victoria Energy Pty Ltd ("WVE"), and Magma Oil Pty Ltd ("Magma"), being a special purpose entity incorporated for the development and commercialisation of the UCTL process.

Significant changes in the consolidated assets during the year were:

- An increase in the cash position to \$3,976,639 (2008: \$1,193,279);
- Exploration assets increasing in value to \$13,372,952 (2008: \$4,110,268); and
- Acquisition and development of the UCTL process recorded at \$6,089,066.

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The Company's operations are subject to significant environmental regulations under both Commonwealth and State legislation. The Board believes that the Company has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the Company.

Dividends

No amounts were paid or declared by way of dividend by the Company. The Directors do not recommend payment of a dividend in respect of the financial year ended 30 June 2009.

Share Options

During or since the end of the financial year, no options were granted to directors and executives of the Company*.

At the date of this report, the following table details options on issue:

Description	Number of options	Exercise price	Expiry date
Options quoted on the ASX – REROB	313,006,346	6 cents	6 November 2011
Options unlisted	170,000,000	6 cents	17 March 2014

* Options were issued to A Edgar, R Gillespie and B Cooper as part of consideration for the acquisition of Western Victoria Energy Pty Ltd (37 million unlisted options to an entity associated with Mr A Edgar) effective 27 February 2009 and Magma Oil Pty Ltd (45 million unlisted options to an entity associated to both Mr B Cooper and Mr R Gillespie) effective 29 May 2009.

Subsequent to the acquisition of Western Victoria Energy Pty Ltd, Mr Edgar became a Director of the Company.

Subsequent to the acquisition of Magma Oil Pty Ltd, Mr Cooper and Mr Gillespie became Directors of the Company.

During the year, the following options expired:

Description	Number of options	Exercise price	Expiry date
Options quoted on the ASX – REROA	21,108,145	20 cents	30 November 2008
Employee options - unlisted	1,000,000	20 cents	30 November 2008

Indemnification of Officers

The Company has entered into Deeds of Insurance, Indemnity and Access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as Directors of the Company, to insure the Directors against certain risks to which the Directors are exposed to as a Director of the Company.

Directors' Meetings

The following table sets out the number of Directors' meetings during the financial year and the number of meetings attended by each Director. During the financial year, nine such board meetings were held. No nomination and remuneration committee meetings and no audit committee meetings were held as per the explanation given in the Company's corporate governance statement.

DIRECTORS	Board of Directors	
	HELD	ATTENDED
Mr. Anthony Short	9	8
Mr. Angus Edgar (appointed 20 March 2009)	2	2
Mr. Bretton Cooper (appointed 16 June 2009)	-	-
Mr. Rohan Gillespie (appointed 16 June 2009)	-	-
Mr. Gordon Sklenka (resigned 16 June 2009)	9	9
Mr. Matthew Sullivan (resigned 20 March 2009)	7	7

In addition to attending the meetings, the Directors passed 4 (four) circulating resolutions.

Remuneration Report

Remuneration Policy – (audited)

The remuneration policy of Regal Resources Ltd has been designed to align Director and Executive objectives with shareholder and business objectives. The Board of Regal Resources Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the consolidated entity, as well as create goal congruence between Directors, Executives and shareholders.

The Board manages the remuneration policy, setting the terms and conditions for Directors and other Senior Executives. Remuneration including fringe benefits, options and performance incentives may be paid dependent upon individual performance, Company performance, contract terms and the discretion of the Board.

Directors and Executive remuneration is detailed below in this director's report.

No formal contract of employment exists with any Director or Company Secretary.

The consolidated entity has the following arrangements in place with Director related entities:

- The Board resolved (with the exclusion of Mr Angus Edgar) to appoint Mr Angus Edgar as Managing Director for a period up until 31 December 2009, or until otherwise resolved. Mr Edgar is entitled to \$14,000 plus GST per month.
- Refer to note 25 of the financial statements for details on related party transactions during the year.

All remuneration paid to Directors and Executives is valued at the cost to the consolidated entity and expensed.

The Board policy is to remunerate Non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Director fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting.

Fees for Non-executive Directors are not linked to the performance of the consolidated entity. However to align Directors' interests with shareholder interests, Directors are encouraged to hold shares in the Company and may be offered options at the discretion of the Board.

The nature and amount of compensation as detailed in this report reflects the remuneration policy above. Since remuneration is fixed there is no change in remuneration as a result of consolidated entity performance during the reporting period. Due to the short history of the Company as a listed entity, there is at present no meaningful correlation between the Executive and Director remuneration and the performance of the consolidated entity.

Names and positions held of Directors and Executives in office at any time during the financial year are:

Directors

MR. ANTHONY SHORT	Non-executive Director - Chairman
MR. ANGUS EDGAR	Managing Director – appointed 20 March 2009
MR. BRETTON COOPER	Non-executive Director – appointed 16 June 2009
MR. ROHAN GILLESPIE	Non-executive Director – appointed 16 June 2009
MR. MATTHEW SULLIVAN	Managing Director – resigned 20 March 2009
MR. GORDON SKLENKA	Non-executive Director – resigned 16 June 2009

Executives

MR. ADRIEN WING	Company Secretary – appointed 20 March 2009
MR. ROLAND BERZINS	Company Secretary – resigned 16 June 2009
MR. DAVID BALLANTYNE	Company Secretary – resigned 25 March 2009

Directors' Compensation – (audited)

	Primary		Post Employment	Equity	Total	%Ave Performance Based		
2009	DIRECTOR FEES \$	SUPER- ANNUATION CONTRIBUTION \$	CONSULTING FEES \$	BONUS \$	SUPER- ANNUATION \$	OPTIONS \$	\$	
Mr. Anthony Short	12,000	-	51,000	-	4,320	-	67,320	Nil
Mr. Angus Edgar	-	-	42,000	-	-	-	42,000	Nil
Mr. Brettton Cooper	-	-	-	-	-	-	-	Nil
Mr. Rohan Gillespie	-	-	-	-	-	-	-	Nil
Mr. Matthew Sullivan	12,778	-	-	-	1,150	-	13,928	Nil
Mr. Gordon Sklenka	12,000	-	47,048	-	4,320	-	63,368	Nil
	36,778	-	140,048	-	9,790	-	186,616	

	Primary		Post Employment	Equity	Total	%Ave Performance Based		
2008	DIRECTOR FEES \$	SUPER- ANNUATION CONTRIBUTION \$	CONSULTING FEES \$	BONUS \$	SUPER- ANNUATION \$	OPTIONS \$	\$	
Mr. Julian Grill	-	-	-	-	-	-	-	-
Mr. Matthew Sullivan	-	-	83,953	-	-	-	83,953	Nil
Mr. Anthony Short	24,000	-	78,000	-	9,180	-	111,180	Nil
Mr. Gordon Sklenka	24,000	-	78,000	-	9,180	-	111,180	Nil
	48,000	-	239,953	-	18,360	-	306,313	

Executives' Compensation - (audited)

	Primary				Post Employment	Equity	Total	%Ave Performance Based
2009	SALARY & FEES \$	SUPER-ANNUATION CONTRIBUTION \$	CONSULTING FEES \$	BONUS \$	SUPER-ANNUATION \$	OPTIONS \$	\$	
Mr. Roland Berzins	-	-	84,619	-	2,160	-	86,779	Nil
Mr. David Ballantyne	-	-	-	-	-	-	-	Nil
Mr. Adrien Wing	-	-	21,200	-	-	-	21,200	Nil
	-	-	105,819	-	2,160	-	107,979	

	Primary				Post Employment	Equity	Total	%Ave Performance Based
2008	SALARY & FEES \$	SUPER-ANNUATION CONTRIBUTION \$	CONSULTING FEES \$	BONUS \$	SUPER-ANNUATION \$	OPTIONS \$	\$	
Mr. Peter Peebles	82,139	-	-	-	7,393	-	89,532	Nil
Mr. Roland Berzins	-	-	104,000	-	9,360	-	113,360	Nil
Mr. David Ballantyne	-	-	-	-	-	-	-	Nil
Mr. Derek Foster	140,000	-	-	-	12,600	-	152,600	Nil
	222,139	-	104,000	-	29,353	-	355,492	

Share-based Compensation (audited)

Options

Options granted carry no dividend or voting rights and can have varied contractual lives.

No options were issued to Directors and Executives during the year. Options were issued to employees in prior years as part of their remuneration.

The following table discloses the value of options lapsed during the year:

		NUMBER OF OPTIONS GRANTED	EXERCISE PRICE PER SHARE \$	VALUE AT GRANT DATE \$	VALUE OF OPTIONS INCLUDED IN REMUNERATION IN PRIOR YEARS \$	DATE LAPSED	% OF TOTAL REMUNERATION CONSISTING OF OPTIONS
Executives							
Mr. P Peebles	2007	500,000	0.20	29,000	29,000	30/11/08	17.35
Mr. D Foster	2007	500,000	0.20	29,000	29,000	30/11/08	17.17

No employee incentive options were issued during the financial year ended 30 June 2009.

	Number of options	Weighted Average Exercise price (cents)	Number of options	Weighted Average Exercise price (cents)
		2009		2008
Balance at beginning of the financial year	1,000,000	20	1,000,000	20
Granted during the financial year	-	-	-	-
Cancelled during the financial year	-	-	-	-
Lapsed during the financial year	1,000,000	20	-	-
Balance at end of the financial year	-	-	1,000,000	20
Exercisable at end of the financial year	-	-	1,000,000	20

Equity holdings

Number of shares and options held by Directors and Specified Executives at the date of this report:

Directors	Shares	Options
Directors		
Mr. Anthony Short	6,000,000	-
Mr. Angus Edgar	90,000,000	75,487,200
Mr. Bretton Cooper *	90,000,000	45,000,000
Mr. Rohan Gillespie *	90,000,000	45,000,000
Specified Executives		
Mr. Adrien Wing	-	-
Total	276,000,000	165,487,200

* 90,000,000 shares and 45,000,000 options are owned by Energy Infrastructure and Resources Ltd. The ownership of this company is held by interests associated with Mr. Gillespie (42% approximate holding) and Mr. Cooper (28% approximate holding).

NON – AUDIT SERVICES

The Board has considered the non audit services provided by Ord Partners and is satisfied that the services provided by Ord Partners is compatible with, and did not compromise, the auditors independence requirements of the Corporations Act 2001 for the following reasons:

- All non audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectives of the auditor;

- The non audit services provided do not undermine the general principles relating to the auditors independence as set out in APES 110: Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditors own work, acting as an advocate for the Company or jointly sharing risk and reward.

Details of the amount paid or accrued to the auditor of the Company, Ord Partners, and its related practices for audit and non audit services provided during the year are set out below:

	2009 \$	2008 \$
Audit and review of financial reports	50,192	30,509
Other services	-	2,150
Total	50,192	32,659

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings against the Company, or to intervene in any proceedings to which the Company is a part, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company under Section 237 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 22.

Signed in accordance with a resolution of the Directors made pursuant to Section 298 (2) of the *Corporations Act 2001*.

On Behalf of the Directors



A EDGAR
Managing Director

Melbourne, 29 September 2009

To the Board of Directors of Regal Resources Limited

Dear Sirs

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2009, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully
ORD PARTNERS



Robert Parker
Partner

Perth

29 September 2009

ORD
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CHARTERED ACCOUNTANTS

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Standards Legislation*



Chartered Accountants

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
REGAL RESOURCES LIMITED**

Report on the financial report

We have audited the accompanying financial report of Regal Resources Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2c, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

ORD
PARTNERS
CHARTERED ACCOUNTANTS

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Robert W Parker CA

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Standards Legislation



Chartered Accountants

Auditor's opinion

In our opinion:

- (a) the financial report of Regal Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2c.

Report on the remuneration report

We have audited the remuneration report included on pages 11 to 14 of the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Regal Resources Limited for the year ended 30 June 2009, that are contained in pages 11 to 14 of the directors' report complies with Section 300A of the *Corporations Act 2001*.

ORD PARTNERS

Chartered Accountants



Robert Parker
Partner

Perth

29 September 2009

CORPORATE GOVERNANCE STATEMENT

The Company is committed to implementing the highest standards of corporate governance, in a manner which is practical and efficient given the Company's size and operations.

The Company is pleased to advise that its practices are mostly consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition). Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company has provided an explanation as to why it does not consider that the practices are appropriate for the Company.

To illustrate where the Company has addressed each of the Council's recommendations, the following table identifies each recommendation, clearly states whether the Company has adopted the recommendation and provides cross-references to the sections of this report addressing that recommendation. Where the Company has not adopted a recommendation, refer to the identified section of this report for the Company's reasons for not adopting that recommendation. The table does not provide the full text of each recommendation, but rather a summary of the topic covered. Details of all of the recommendations can be found on the ASX Corporate Governance Council's website.

Recommendation	Recommendation adopted?	Section
Principle 1 – Lay solid foundations for management and oversight		
1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	1.1
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes	1.2
1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1.	Yes	1.1, 1.2
Principle 2 – Structure the board to add value		
2.1 A majority of the board should be independent directors.	No	2.1
2.2 The chair should be an independent director.	No	2.2
2.3 The Roles of Chair and Chief Executive Officer should not be exercised by the same individual.	Yes	2.3
2.4 The board should establish a nomination committee.	No	2.4
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	1.2
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	1.2, 2.1, 2.2, 2.3, 2.4
Principle 3 – Promote ethical and responsible decision-making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices 	Yes	3.1

Recommendation	Recommendation adopted?	Section
3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	3.2
3.3 Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	3.1, 3.2
Principle 4 – Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	No	4.1
4.2 The audit committee should be structured so that it: <ul style="list-style-type: none"> • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members 	No	4.1, 4.2
4.3 The audit committee should have a formal charter.	No	4.1, 4.3
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	4.1, 4.2, 4.3
Principle 5 – Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	No	5.1
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	5.1
Principle 6 – Respect the rights of shareholders		
6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	6.1
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	6.1
Principle 7 – Recognise and manage risk		
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	7.1
7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	7.1, 7.2

Recommendation	Recommendation adopted?	Section
7.3 The board should disclose whether it has received assurances from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	7.3
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	Yes	7.1, 7.2, 7.3
Principle 8 – Remunerate fairly and responsibly		
8.1 The board should establish a remuneration committee.	No	8.1
8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	8.2
8.3 Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	8.1, 8.2

The Board of Directors ("the Board") of the Company supports the establishment and ongoing development of good corporate governance policies that are compatible with the Company's size and which ensure an appropriate level of accountability to shareholders and other stakeholders.

A description of the Company's main corporate governance practices is set out below. It is also accessible at the Company's website – www.regalresources.com.au under the "Corporate" tag which has a sub heading for corporate governance. In August 2007, the ASX issued a revised set of corporate governance principles and recommendations intended to take effect from 1 July 2008.

The recommendations are not prescriptions and are intended as guidelines only. The Board has sought to apply the revised recommendations to the extent relevant to the Company's size and scale of operations.

Recommendation 1.1: Establish the functions reserved to the Board and those delegated to Senior Executives and disclose those functions.

The Company's activities are currently not of a sufficient size nor are its affairs of such complexity to justify the employment of full-time management personnel. Accordingly, most of the functions of management are undertaken by consultants under the supervision of the Managing Director who is responsible for management activities under delegated authority of the Board. The functions specifically reserved for the full Board are as follows:

- a) Setting and monitoring of objectives, goals and strategic direction with a view to maximising shareholder value, consistent with ethical behaviour and acceptable risk parameters;
- b) Approving budgets and monitoring financial performance;
- c) Identifying significant business risks and ensuring that these are appropriately managed;
- d) Approval of any significant asset acquisitions or disposals;
- e) Selection and appointment of new Directors; and
- f) Appointment and removal of the Managing Director.

Recommendation 1.2: Disclose the process for evaluating the performance of senior executives.

The performance of all Directors and senior executives is reviewed at least annually. The Board evaluates the performance of the Executive Chairman and any other senior executives having regard to such things as:

- a) The responsibilities of the executive;
- b) Performance against budget;
- c) Any communicated key performance indicators; and
- d) Qualitative as well as quantitative measures.

No Director or Senior Executive is involved with his or her own evaluation, and the remainder of the Board evaluates such parties without such parties being present.

A review of the performance of the Board, its Directors and Senior Executives was carried out in June 2009, and was undertaken in accordance with the above policy.

Recommendation 2.1: A majority of the Board should be independent Directors.

The Company does not currently have a majority of Non-executive independent Directors.

Due to the Company's size and its specialised operations, the Board considers that a majority of independent Directors is not currently warranted. As the Company's activities expand, this policy will be reviewed with a view to aligning the Company's policies to conformity with this recommendation. The Board recognises that Directors remain in office for the benefit of and are accountable to shareholders and that shareholders have the voting power to elect members to the Board regardless of their standing, independent or otherwise.

The effectiveness of the Board is achieved through the Directors' knowledge and experience specific to the business and the industry in which the Company operates. Any Director may seek their own independent advice at the Company's expense to assist them in the performance of their duties to the Company and the shareholders.

The names and details of the experience of the Directors of the Company in office at the date of this Statement are set out in the Director's Report.

Recommendation 2.2: The Chairperson should be an independent director.

Mr Anthony Short, the Non-executive Chairman, is not an Independent Director. Whilst the Board recognises that it is desirable for the Chairman to be an Independent Director, the Company's current early stage of development and size dictate that this is the most efficient mode of operation at the current time. The Board will review the appointment of an independent Chairperson should the Company's size and growth warrant this.

Recommendation 2.3: The roles of Chair and Chief Executive Officer should not be exercised by the same individual.

The roles of the Chairman (Mr Anthony Short) and the Managing Director (Mr Angus Edgar) are separate.

Recommendation 2.4: The Board should establish a nomination committee.

The Board considers that the Company is not currently of a size to justify the formation of a nomination committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors and the identification of attributes required in new Directors. The Board as a whole also reviews Board succession plans, appointment and re-election of Directors and the process for evaluation of the performance of the Board, its members and Senior Executives (as outlined under recommendation 1.2). Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.

Should the Company's activities increase in size, scope and nature, the appointment of a nomination committee will be reviewed by the Board and implemented if appropriate.

Recommendation 2.5: Disclose the process for evaluating the performance of the board, its committees and individual directors.

See the comments under recommendation 1.2 above.

Recommendation 3.1: Establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the Company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders;
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has adopted a Corporate Code of Conduct and a Code of Conduct for Executives, which can be accessed at the Company's website at www.regalresources.com.au under the "Corporate" tag which has the appropriate sub headings.

Recommendation 3.2: Establish a policy concerning trading in Company securities by Directors, senior executives and employees, and disclose the policy or a summary of that policy.

The Company has adopted a Trading Policy which can be accessed at www.regalresources.com.au under the "Corporate" tag which has the appropriate sub heading.

Recommendation 4.1: The Board should establish an audit committee.

The Board has not established an audit committee to assist to ensure the truthful and factual presentation of the Company's financial position as it believes that, given the size of the Board, no efficiencies are derived from a formal committee structure. Notwithstanding the non existence of the audit committee, ultimate responsibility for the integrity of the Company's financial reporting rests with the full Board. All items that would normally be dealt with by an audit committee are dealt with at Board meetings. Such matters include:

- a) Establishment and review of internal control frameworks within the Company;
- b) Review of the financial statements, annual report and any other financial information distributed to shareholders or other external stakeholders;

- c) Review of audit reports and any correspondence from auditors, including comments on the Company's internal controls;
- d) Nomination of the external auditor and reviewing the adequacy of the scope and quality of the annual audit and half year review; and
- e) Monitoring compliance with the Corporations Act, ASX listing Rules and any other regulatory requirements.

Recommendation 4.2: The audit committee should be structured so that it:

- consists only of non-executive Directors;
- consists of a majority of independent Directors;
- is chaired by an independent Chairperson, who is not Chairperson of the Board;
- has at least three members.

See comments under recommendation 4.1 above.

Recommendation 4.3: The audit committee should have a formal charter.

See comments under recommendation 4.1 above.

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has adopted a continuous disclosure policy that requires all Directors, Officers and Executives to inform the Chairman, or in his absence the Company Secretary, of any potentially material information as soon as practicable after they become aware of that information. The Company does not currently have a formal written policy in place, but instead relies on the extensive experience of the Board and senior management to ensure ongoing compliance.

Recommendation 6.1: Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.

The Company has a policy for effective communication with shareholders which is available at the corporate governance statement on the Company's website at www.regalresources.com.au under the "Corporate" tag which has the appropriate sub heading.

Recommendation 7.1: Establish policies for the oversight and management of material business risk and disclose a summary of those policies.

The Company has established a policy for the oversight and management of material business risks which is available at the corporate governance statement on the Company's website at www.regalresources.com.au under the "Corporate" tag which has the appropriate sub heading.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Management has not formally reported to the Board as to the effectiveness of the Company's management of its material business risks. The management of all business risks are the responsibility of the Board, and the Board believes the risk management and internal control systems designed and implemented by the Directors and the Chief Financial Officer are adequate given the size and nature of the Company's activities. The Board requests management to report informally on the risk management and internal control system.

Management also informally reports to the Board regarding any additional risks that may have been identified, as well as reporting on matters that may have arisen from the Company's internal control procedures. The effectiveness of the Company's internal control systems are reviewed by the Board annually. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Board receives such assurances prior to the release of the Company's full year and half year accounts.

Recommendation 8.1: The Board should establish a remuneration committee.

The Board considers that, based on the Company's stage of development, no benefits or efficiencies are to be gained by delegating this function to a separate committee. The process for evaluating both Executives and Directors remuneration is explained under recommendation 1.2 above. There are no schemes for retirement benefits, other than superannuation for Non executive Directors.

Recommendation 8.2: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors.

The structure of Executive and Non-executive Directors' remuneration is detailed in the remuneration report, which forms part of the Directors' Report in the annual report which is available at the Company's website.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* and giving a true and fair view of the financial position as at 30 June 2009 of the Company and the consolidated entity and of their performance for the year ended on that date;
- (c) the remuneration disclosures contained in the Remuneration Report in the Directors' Report complies with section 300A of the *Corporations Act 2001*;
- (d) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and
- (e) the Directors have been given the declarations required by section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



A EDGAR
Managing Director

Melbourne, 29 September 2009

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	NOTE	CONSOLIDATED		PARENT
		2009	2009	2008
Revenue from gold and silver sales	5a	-	-	631,340
Less cost of goods sold		-	-	(551,408)
Gross profit from mining operations		-	-	79,932
Interest income	5a	36,169	35,899	29,282
Profit/(loss) on sale of assets		(10,590)	(10,590)	12,372
Other income	5a	12,088	2,351	46,637
Mining project expenditure expense		(92,485)	(92,485)	(548,755)
Employee benefits expense		(76,174)	(76,174)	(170,156)
Finance costs		(11,085)	(11,085)	(242,747)
Depreciation expense		(17,519)	(17,519)	(32,863)
Consulting expense		(276,983)	(263,983)	(321,153)
Occupancy expense		(29,503)	(29,503)	(41,595)
Impaired exploration expenditure		(1,341,577)	(1,341,577)	(106,625)
Loss on sale of tenements		(135,819)	(135,819)	-
Compliance & regulatory costs		(152,294)	(152,294)	(130,487)
Other expenses		(207,314)	(207,007)	(152,937)
Loss before income tax expense		(2,303,086)	(2,299,786)	(1,579,095)
Income tax (expense)/benefit	6	135,237	135,237	-
Loss for the year		(2,167,849)	(2,164,549)	(1,579,095)
Loss per share:				
Basic (cents per share)	22	(0.86)	n/a	(2.33)
Diluted (cents per share)	22	(0.86)	n/a	(2.33)

The accompanying notes form part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2009

	NOTE	CONSOLIDATED		PARENT
		2009	2009	2008
Current assets				
Cash and cash equivalents	10	3,976,639	3,897,644	1,193,279
Receivables	11	457,218	353,121	80,812
Other current assets	12	15,506	15,506	26,754
Total current assets		4,449,363	4,266,271	1,300,845
Non-current assets				
Receivables	11	1,998	6,227,436	-
Financial assets	13	509,680	11,047,092	6,150
Intangibles	14	6,089,066	-	-
Property, plant and equipment	15	-	-	66,700
Exploration, evaluation and development expenditure	16	13,372,952	2,861,594	4,110,268
Total non-current assets		19,973,696	20,136,122	4,183,118
Total assets		24,423,059	24,402,393	5,483,963
Current liabilities				
Trade and other payables	17	188,277	164,311	118,864
Provisions	18	-	-	66,684
Borrowings	19	-	-	8,611
Total current liabilities		188,277	164,311	194,159
Non-current liabilities				
Borrowings	19	-	-	22,173
Total non-current liabilities		-	-	22,173
Total liabilities		188,277	164,311	216,332
Net assets		24,234,782	24,238,082	5,267,631
Equity				
Issued capital	20	25,506,390	25,506,390	10,674,292
Reserves	21	6,481,204	6,481,204	236,302
Accumulated losses		(7,752,812)	(7,749,512)	(5,642,963)
Total equity		24,234,782	24,238,082	5,267,631

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2009

Attributable to equity holders

CONSOLIDATED FOR THE YEAR ENDED 30 JUNE 2009	ORDINARY SHARES \$	ASSET REVALUATION RESERVE \$	OPTIONS PREMIUM RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
At beginning of year	10,674,292	-	236,302	(5,642,963)	5,267,631
Loss for the year	-	-	-	(2,167,849)	(2,167,849)
Expired Options transferred	-	-	(58,000)	58,000	-
Share Placement	5,187,000	-	-	-	5,187,000
Options Issue	-	-	250,000	-	250,000
Acquisition of WVE	6,400,000	-	3,952,800	-	10,352,800
Settlement of liabilities	492,042	-	-	-	492,042
Acquisition of Magma	3,500,000	-	1,490,500	-	4,990,500
Net change in fair value of available-for-sale financial assets	-	249,130	-	-	249,130
Shares issue expenses	(746,944)	-	360,472	-	(386,472)
At end of year	25,506,390	249,130	6,232,074	(7,752,812)	24,234,782

Attributable to equity holders					
PARENT FOR THE YEAR ENDED 30 JUNE 2009	ORDINARY SHARES \$	ASSET REVALUATION RESERVE \$	OPTIONS PREMIUM RESERVE \$	ACCUMULATED LOSSES \$	TOTAL EQUITY \$
At beginning of year	10,674,292	-	236,302	(5,642,963)	5,267,631
Loss for the year	-	-	-	(2,164,549)	(2,164,549)
Expired Options transferred	-	-	(58,000)	58,000	-
Share Placement	5,187,000	-	-	-	5,187,000
Options Issue	-	-	250,000	-	250,000
Acquisition of WVE	6,400,000	-	3,952,800	-	10,352,800
Settlement of liabilities	492,042	-	-	-	492,042
Acquisition of Magma	3,500,000	-	1,490,500	-	4,990,500
Net change in fair value of available-for-sale financial assets	-	249,130	-	-	249,130
Shares issue expenses	(746,944)	-	360,472	-	(386,472)
At end of year	25,506,390	249,130	6,232,074	(7,749,512)	24,238,082
PARENT FOR THE YEAR ENDED 30 JUNE 2008					
At beginning of year	6,200,523	-	236,302	(4,063,868)	2,372,957
Loss for the year	-	-	-	(1,579,095)	(1,579,095)
Issue of shares	4,702,714	-	-	-	4,702,714
Issue of shares in lieu of payment – tenement acquisitions and consultants	60,000	-	-	-	60,000
Shares issue expenses	(288,945)	-	-	-	(288,945)
At end of year	10,674,292	-	236,302	(5,642,963)	5,267,631

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2009

	CONSOLIDATED		PARENT
	NOTE	2009	2009
Cash flows from operating activities			2008
Receipts from customers		-	719,318
Interest received		36,169	38,111
Payments to suppliers and employees		(1,100,186)	(1,713,264)
Interest and other costs of finance paid		(11,085)	(231,073)
Net cash used in operating activities	26	(1,075,102)	(1,263,223)
Cash flows from investing activities			
Proceeds from sale of financial assets		-	101,000
Payment for property, plant & equipment		(609)	(832)
Payment for UCTL development		(67,729)	-
Proceeds from sale of plant & equipment		39,200	-
Proceeds from sale of tenements		1	-
Purchase of controlled entities (net of cash acquired)	27	(993,573)	-
Payment for financial assets		(254,400)	(2,150)
Payment for deposits		(104,720)	-
Payment for exploration, evaluation and development		(229,452)	(239,308)
Advances to controlled entities		-	(961,936)
Advances to other entities		-	(600,000)
Net cash used in investing activities		(1,611,282)	(741,290)
Cash flows from financing activities			
Proceeds from issues of equity securities		5,437,000	4,702,714
Repayment of convertible notes - principal		-	(1,905,000)
Repayment of convertible notes - interest		-	(22,540)
Proceeds from borrowings		465,000	600,000
Repayment of borrowings		(15,000)	-
Repayment of finance lease liabilities		(30,784)	(6,366)
Payment for share issue costs		(386,472)	(288,946)
Net cash provided by financing activities		5,469,744	3,079,862
Net increase in cash and cash equivalents		2,783,360	1,075,349
Cash and cash equivalents at the beginning of the financial year		1,193,279	117,930
Cash and cash equivalents at the end of the financial year	26	3,976,639	1,193,279

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial report of Regal Resources Limited for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of the Directors on the date of the signing of the directors' declaration.

The financial report covers the consolidated entity of Regal Resources Limited and its controlled entities, and Regal Resources Limited as an individual parent entity. Regal Resources Limited is a Company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The principal activities of the consolidated entity are:

- (i) to identify and acquire an interest in and value-add to mineral exploration and mining opportunities;
- (ii) to commercialise intellectual property for the application of an Underground Coal to Liquid ("UCTL") process; and
- (iii) to seek other opportunities for the benefit of increasing shareholder returns.

The address of the registered office is Level 14, 31 Queen Street, Melbourne, VIC, 3000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (including Australian interpretations) adopted by the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for available-for-sale listed shares held stated at fair value in note 13. The financial report is presented in Australian dollars.

The aggregate net fair value of recognised financial assets and financial liabilities are consistent with the carrying amounts in the balance sheet.

(b) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

(c) Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

(d) New accounting standards and interpretations

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The consolidated entity has decided against early adoption of these standards. A discussion of those future requirements relevant to the consolidated entity and their impact follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the consolidated entity will be unable to be determined.

The following changes to accounting requirements are included:

- acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
 - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
 - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
 - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the consolidated entity's policy);
 - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
 - impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
 - where there is, in substance, no change to consolidated entity interests, parent entities inserted above existing companies shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.
- The consolidated entity will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.
- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the consolidated entity's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.
 - AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the consolidated entity. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.
 - AASB 2008-1: Amendments to Australian Accounting Standard — Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

The consolidated entity does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the consolidated entity's financial statements.

(e) Principles of Consolidation

A controlled entity is any entity over which Regal Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered. A list of controlled entities is contained in note 25(d) to the financial statements.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(f) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(g) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of the consolidated entity is Australian dollars (A\$).

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date.

All exchange differences in the consolidated financial report are taken to the profit and loss statement.

(h) Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Costs include expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the consolidated entity and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 5 years.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

(i) Intangible assets

Intangible assets relate to UCTL rights and is recorded at cost less accumulated amortisation and impairment.

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(j) Exploration and evaluation expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Where uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the income statement or provided against.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in the income statement.

(k) Joint ventures

The consolidated entity's share of jointly controlled assets, liabilities, income and expenses from joint venture operations are recognised in the financial statements.

Where part of a joint venture interest is farmed out in consideration of the farminee undertaking to incur further expenditure on behalf of both the farminee and the consolidated entity in the joint venture area of interest, exploration expenditure incurred and carried forward prior to farm-out continues to be carried forward without adjustment, unless the terms of the farm-out indicate that the value of the exploration expenditure carried forward is excessive based on the diluted interest retained or it is not thought appropriate to do so.

(l) Recoverable amount of assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

The recoverable amount of plant and equipment and intangible assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the assets belongs, unless the asset's value in use can be estimated to be close to its fair value.

An assessment is also made at each reporting date as to whether there is any indication that a previously recognised impairment loss may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(m) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest bearing loans and borrowings in the current liabilities on the balance sheet.

(n) Receivables

Trade and other receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less impairment losses.

(o) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets include listed shares reflected at fair value in note 13. Unrealised gains and losses arising from changes in fair value are taken directly to equity (except for impairment losses and foreign exchange gains and losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

(p) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(q) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event.

It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(r) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the income statement on a straight-line basis over the lease term.

(ii) Finance leases

Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the consolidated entity are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement.

Capitalised leased assets are depreciated over the estimated useful life of the asset or where appropriate, over the estimated life of the mine.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(s) Revenue

Revenue is measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(t) Share-based payment transactions

The consolidated entity provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The consolidated entity has one plan in place that provides these benefits. It is the Employee Share Option Plan which provides benefits to all employees including Directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a Black & Scholes model.

In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Regal Resources Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled ("the vesting period"), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the income statement is the product of (i) the grant date fair value of the award; (ii) the current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the income statement for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(u) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

(v) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- (i) cost of servicing equity (other than dividends) and preference share dividends;
- (ii) the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- (iii) other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

(w) Income tax

Deferred income tax is provided using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

(y) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. As at 30 June 2009, no employee's length of service had qualified for calculation of long service leave.

(iii) Superannuation

Contributions made by the consolidated entity to employee superannuation funds, which are defined contribution plans, are charged as an expense when incurred.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the consolidated entity's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the consolidated entity. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions.

Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the consolidated entity decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that would impact the future recoverability include the level of reserves and resources, future technological changes, which would impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if the activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalise expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

(ii) Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options granted is estimated at the date of the granting, using the Black & Scholes Option Pricing method, applying inputs relevant to the following parameters:

- Grant Date
- Exercise price
- Expiry date
- Number of options on issue
- Exercise price
- Time to maturity
- Underlying share price
- Expected share volatility
- Risk – free interest rate
- Dividend yield

The accounting estimates and assumptions relating to equity-settled share-based payments has an impact on the carrying amounts of investment held and loan to controlled entities in the parent entity and an impact on the carrying amounts of acquired exploration and intangible assets in the consolidated entity.

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits and other financial assets. The consolidated entity manages its exposure to key financial risks in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets while protecting future financial security.

The main risks arising from the consolidated entity's financial instruments are market risk, credit risk and liquidity risk. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts. The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2 to the financial statements.

(a) Interest rate risk exposure

The consolidated entity's exposure to risks of changes in market interest rates relates primarily to the consolidated entity's cash balances. The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at balance date.

At 30 June 2009, if interest rates had moved, as illustrated in the table below, with all other variables held constant, before tax losses and equity would have been affected as follows:

	CONSOLIDATED		PARENT
	2009	2009	2008
Judgements of reasonably possible movements:			
Loss before income tax			
+ 1.0% (100 basis points) profit/(loss)	39,766	38,976	11,933
- 0.5% (50 basis points) profit/(loss)	(19,883)	(19,488)	(5,966)
Equity			
+ 1.0% (100 basis points)	39,766	38,976	11,933
- 0.5% (50 basis points)	(19,883)	(19,488)	(5,966)

The movements in losses are due to possible higher or lower interest costs from cash balances.

Consolidated	2009	2008	2009	2008	2009	2008	2009	2008
	FLOATING INTEREST RATE \$	FLOATING INTEREST RATE \$	FIXED INTEREST RATE \$	FIXED INTEREST RATE \$	NON INTEREST BEARING \$	NON INTEREST BEARING \$	TOTAL \$	TOTAL \$
Financial Assets								
Cash	3,976,639	n/a	-	-	-	-	3,976,639	n/a
Receivables	-	-	130,517	n/a	328,699	n/a	459,216	n/a
Other financial assets	-	-	-	-	509,680	n/a	509,680	n/a
	3,976,639	n/a	130,517	-	838,379	n/a	4,945,535	n/a
Weighted average Interest rate	0.94%	n/a	4.25%	n/a				
Financial Liabilities								
Payables	-	-	-	-	188,277	n/a	188,277	n/a
	-	-	-	-	188,277	n/a	188,277	n/a

Parent Entity	2009	2008	2009	2008	2009	2008	2009	2008
	FLOATING INTEREST RATE \$	FLOATING INTEREST RATE \$	FIXED INTEREST RATE \$	FIXED INTEREST RATE \$	NON INTEREST BEARING \$	NON INTEREST BEARING \$	TOTAL \$	TOTAL \$
Financial Assets								
Cash	3,897,644	1,193,279	-	-	-	-	3,897,644	1,193,279
Receivables	-	-	110,517	-	242,604	80,812	353,121	80,812
Other financial assets	-	-	-	-	509,680	26,754	509,680	26,754
	3,897,644	1,193,279	110,517	-	752,284	107,566	4,760,445	1,300,845
Weighted average Interest rate	0.96%	4.50%	3.68%	-				
Financial Liabilities								
Payables	-	-	-	-	164,311	118,864	164,311	118,864
Lease commitment	-	-	-	30,786	-	-	-	30,786
	-	-	-	30,786	164,311	118,864	164,311	149,650

(b) Credit risk exposure

Credit risk arises from the financial assets of the consolidated entity, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amount of financial assets included in the balance sheet represents the consolidated entity's maximum exposure to credit risk in relation to those assets.

The consolidated entity trades only with recognised, credit worthy third parties and as such collateral is not requested nor is it the consolidated entity's policy to securities it trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the consolidated entity does not have a significant exposure to bad debts. At 30 June 2009, there are no significant trade receivables and amounts predominantly relate to deposits or tax refunds due from the Government.

There are no significant concentrations of credit risk within the consolidated entity.

(c) Equity price risk exposure

Equity price risk is the risk that changes in market equity prices will impact the consolidated entity's value of its holding of available-for-sale financial assets. The objective of equity price risk management is to manage and control risk exposure within acceptable parameters, while optimising the return.

(d) Liquidity risk

Trade payables mainly originate from expenses and the purchase of assets for ongoing operations such as property, plant, equipment, intangible asset development and exploration. To monitor existing financial assets and liabilities as well as to enable effective controlling of future risks, the consolidated entity monitors its expected settlement of financial assets and liabilities on an ongoing basis. There are no significant payables that are outstanding past their due date.

(e) Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes. Available-for-sale financial assets are recorded at fair value as disclosed for listed securities in note 13.

(f) Capital Risk Management

The consolidated entity's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide positive returns for shareholders and benefits for the stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital is currently defined as including issued capital, reserves and accumulated losses.

5. LOSS BEFORE INCOME TAX

	CONSOLIDATED		PARENT	
	2009 \$	2009 \$	2009 \$	2008 \$
(a) Revenue from continuing operations				
Gold	-	-	-	628,636
Silver	-	-	-	2,704
				631,340
Interest income	36,169	35,899		29,282
Profit on sale of assets	-	-		12,372
Other income	12,088	2,351		46,637
	48,257	38,250		719,631
(b) Expenses				
Loss for the year includes the following specific expenses:				
Convertible note interest expense	-	-		204,327

6. INCOME TAX

	CONSOLIDATED		PARENT
	2009 \$	2009 \$	2008 \$
The prima facie income tax on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:			
Loss from operations	(2,303,086)	(2,299,786)	(1,579,095)
Income tax benefit calculated at 30% (2008: 30%)	690,926	689,936	473,729
Tax effect of permanent differences	30	30	(1,592)
Research and development claim	135,237	135,237	-
Unused tax losses not recognised as deferred tax assets	(690,956)	(689,956)	(472,137)
Income tax attributable to operating loss	135,237	135,237	-
Unrecognised deferred tax balances			
The following deferred tax assets and liabilities have not been brought to account as (assets) and liabilities:	(3,446,931)	(3,202,453)	(2,940,433)
Tax losses – revenue	(117,022)	(116,905)	(136,660)
Temporary differences	858,478	858,478	1,237,840
Liabilities – exploration	(2,705,475)	(2,460,880)	(1,839,253)

7. KEY MANAGEMENT PERSONNEL

The specified key management personnel of the consolidated entity during the year were:

- * Anthony Short – Non Executive Director – Chairman
- * Angus Edgar – Managing Director (appointed 20 March 2009)
- * Bretton Cooper – Director (appointed 16 June 2009)
- * Rohan Gillespie – Director (appointed 16 June 2009)
- * Matthew Sullivan – Managing Director (resigned 20 March 2009)
- * Gordon Sklenka – Director (resigned 16 June 2009)
- * Adrien Wing – Company Secretary (appointed 26 March 2009)
- * Roland Berzins – Company Secretary (resigned 16 June 2009)
- * David Ballantyne – Company Secretary (resigned 25 March 2009)

Shareholdings – 2009

Number of Shares held by Directors and Specified Executives

DIRECTORS	BALANCE 1.7.08	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE ON RESIGNATION	BALANCE 30.6.09
Mr. Anthony Short	6,000,001	-	-	(1)	-	6,000,000
Mr. Angus Edgar	-	-	-	89,000,000	-	89,000,000
Mr. Bretton Cooper *	-	-	-	90,000,000	-	90,000,000
Mr. Rohan Gillespie *	-	-	-	90,000,000	-	90,000,000
Mr. Matthew Sullivan	2,000,001	-	-	-	(2,000,001)	-
Mr. Gordon Sklenka	6,500,001	-	-	-	(6,500,001)	-
Specified Executives						
Mr. Roland Berzins	300,000	-	-	1,201,204	(1,501,204)	-
Mr. David Ballantyne	-	-	-	-	-	-
Mr. Adrien Wing	-	-	-	-	-	-
Total	14,950,003	-	-	270,201,203	(10,001,206)	275,000,000

Net Change Other refers to shares purchased or sold during the financial year or recognised upon appointment.

* 90,000,000 shares are owned by Energy Infrastructure and Resources Ltd. The ownership of this company is held by interests associated with Mr. Gillespie (42% approximate holding) and Mr. Cooper (28% approximate holding).

Shareholdings – 2008

Number of Shares held by Directors and Specified Executives

DIRECTORS	BALANCE 1.7.07	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE ON RESIGNATION	BALANCE 30.6.08
Mr. Julian Grill	2,100,001	-	-	1,100,000	(3,200,001)	-
Mr. Matthew Sullivan	2,000,001	-	-	-	-	2,000,001
Mr. Anthony Short	2,000,001	-	-	4,000,000	-	6,000,001
Mr. Gordon Sklenka	2,000,001	-	-	4,500,000	-	6,500,001
Specified Executives						
Mr. Peter Peebles	50,000	-	-	100,000	-	150,000
Mr. Roland. Berzins	100,000	-	-	200,000	-	300,000
Mr. Derek Foster	-	-	-	-	-	-
Mr. David Ballantyne	-	-	-	-	-	-
Total	8,250,004	-	-	9,900,000	3,200,001	14,950,003

Net Change Other refers to shares purchased or sold during the financial year.

Option holdings

Number of Options held by Directors and Specified Executives as at 30 June 2009

	2009	2008
Mr. Anthony Short	-	1,500,000
Mr. Angus Edgar	75,487,200	-
Mr. Bretton Cooper *	45,000,000	-
Mr. Rohan Gillespie *	45,000,000	-
Total	165,487,200	1,500,000

No Options were granted as remuneration during the year. Options were purchased or sold during the year or recognised upon appointment.

* 45,000,000 Options are owned by Energy Infrastructure and Resources Ltd. The ownership of this company is held by interests associated with Mr. Gillespie (42% approximate holding) and Mr. Cooper (28% approximate holding).

8. SHARE BASED ARRANGEMENTS

Employee incentive option plan

The Company has an employee incentive option plan for employees of the consolidated entity. In accordance with the provisions of the scheme, as approved by shareholders in the general meeting, the employees may be entitled to participate in the scheme at the sole discretion of the Directors.

Each option under the scheme converts into one ordinary share in the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option and the options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is at the sole discretion of the Directors subject to the total number of outstanding options being issued under the scheme at any one time not exceeding 5% of the Company's issued share capital.

The options may be for varying period but expire immediately on dismissal, resignation or termination of the employee unless the Directors resolve otherwise.

Options

Options granted carry no dividend or voting rights and can have varied contractual lives. No options were issued to employees during the year as part of their remuneration.

The following table discloses the value of options lapsed during the year:

		OPTIONS GRANTED	EXERCISE PRICE PER SHARE \$	VALUE AT GRANT DATE \$	VALUE OF OPTIONS INCLUDED IN REMUNERATION IN PRIOR YEARS \$	EXPIRY DATE	% OF TOTAL REMUNERATION CONSISTING OF OPTIONS
Executives							
Mr. P Peebles	2007	500,000	0.20	29,000	29,000	30/11/08	17.35
Mr. D Foster	2007	500,000	0.20	29,000	29,000	30/11/08	17.17

The following share based payment arrangements were in existence during the current period:

OPTION SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE (CENTS)	FAIR VALUE AT GRANT DATE (CENTS)
Employee Incentive Option Plan (EIOP) Issued 15/06/07	1,000,000	15/06/07	30/11/08	20.0	5.8

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (CENTS)	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (CENTS)
	2009		2008	
Balance at beginning of the financial year	1,000,000	20	1,000,000	20
Granted during the financial year	-	-	-	-
Cancelled during the financial year	-	-	-	-
Lapsed during the financial year	(1,000,000)	20	-	-
Balance at end of the financial year	-	-	1,000,000	20
Exercisable at end of the financial year	-	-	1,000,000	20

Share based payments

Refer to notes 20, 21 and 27 for details on equity issues for the acquisition of controlled entities and to settle liabilities during the current year.

	CONSOLIDATED		PARENT	
	2009 \$	2009 \$	2008 \$	2008 \$
9. AUDIT FEES				
Audit or review of the financial report	50,192	50,192	30,509	
Other services	-	-	2,150	
	50,192	50,192	32,659	
10. CASH AND CASH EQUIVALENTS				
Cash at bank	3,976,639	3,897,644	157,994	
Term deposit	-	-	1,035,285	
	3,976,639	3,897,644	1,193,279	
11. RECEIVABLES				
Current				
Sundry receivables	237,922	183,373	15,513	
Other deposits	159,296	109,748	65,299	
Other deposits – related party (note 25)	60,000	60,000	-	
	457,218	353,121	80,812	
Non-Current				
Loans – to controlled entities	-	6,227,436	-	
Other receivables	1,998	-	-	
	1,998	6,227,436	-	
12. OTHER CURRENT ASSETS				
Prepayments	15,506	15,506	26,754	
	15,506	15,506	26,754	
13. FINANCIAL ASSETS - NON-CURRENT				
Shares in controlled entities, at cost	-	10,537,412	-	
Listed shares, at fair value	509,680	509,680	6,150	
	509,680	11,047,092	6,150	
14. INTANGIBLES				
UCTL rights	6,089,066	-	-	
	6,089,066	-	-	
Movement in carrying amounts				
Balance at the beginning of the financial year	-	-	-	
UCTL rights acquired	5,999,954	-	-	
Additional expenditure	89,112	-	-	
Carrying amount at the end of the financial year	6,089,066	-	-	

	CONSOLIDATED		PARENT
	2009 \$	2009 \$	2008 \$
Intangible assets relates to Underground Coal to Liquids technology acquired via the acquisition of Magma Oil Pty Ltd on 29 May 2009.			
15. PROPERTY, PLANT & EQUIPMENT			
Plant and equipment at cost	-	-	128,882
Less: accumulated depreciation	-	-	(62,182)
	-	-	66,700
Movements in carrying amounts			
Movement in the carrying amounts for each class of plant and equipment between the beginning and end of the current financial year:			
Balance at the beginning of the financial year	66,700	66,700	187,359
Additions	609	609	832
Disposals	(49,790)	(49,790)	(88,628)
Depreciation expense	(17,519)	(17,519)	(32,863)
Carrying amount at the end of the financial year	-	-	66,700
16. EXPLORATION AND EVALUATION EXPENDITURE			
Exploration and evaluation expenditure	13,372,952	2,861,594	4,110,268
Movements in carrying amounts			
Movement in the carrying amounts exploration and evaluation expenditure between the beginning and end of the current financial year:			
Balance at the beginning of the financial year	4,110,268	4,110,268	3,910,554
Additions	229,452	228,723	306,339
Exploration tenements acquired	10,510,629	-	-
Impairment of exploration expenditure	(1,341,577)	(1,341,577)	(106,625)
Sale of tenements	(135,820)	(135,820)	-
Balance at the end of the financial year	13,372,952	2,861,594	4,110,268
The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the continuation of the consolidated entity's rights to tenure of the interest, result of future exploration and successful development or alternatively, sale of the respective areas of interest.			

	CONSOLIDATED		PARENT
	2009 \$	2009 \$	2008 \$
17. TRADE AND OTHER PAYABLES			
Trade creditors	99,685	75,719	113,611
Accruals and other payables	88,592	88,592	5,253
	188,277	164,311	118,864
18. PROVISIONS			
Employee benefits	-	-	66,684
	-	-	66,684
19. BORROWINGS - CURRENT			
Finance lease liabilities	-	-	8,611
	-	-	8,611
Borrowings – Non-Current			
Finance lease liabilities	-	-	22,173
	-	-	22,173
20. ISSUED CAPITAL			
583,640,187 (2008: 161,381,841) fully paid ordinary shares	25,506,390	25,506,390	10,674,292
	25,506,390	25,506,390	10,674,292

	2009 NO. OF SHARES	2008 NO. OF SHARES
(i) Number of Shares		
At the beginning of the year	161,381,841	50,121,060
Shares issued during the year:		
10 October 2007	-	7,500,000
27 December 2007	-	12,319,859
31 March 2008	-	750,000
29 May 2008	-	3
3 June 2008	-	70,690,919
20 June 2008	-	20,000,000
27 February 2009	160,000,000	-
23 April 2009	148,200,000	-
29 May 2009	100,000,000	-
29 May 2009	14,058,346	-
At the end of the year	583,640,187	161,381,841

	2009 \$	2008 \$
(ii) Issued Capital Movement		
At the beginning of the year	10,674,292	6,200,523
Shares issued during the year:		
10 October 2007- capital raise @ \$.10	-	750,000
27 December 2007 – capital raise @ \$0.10	-	1,231,986
31 March 2008 – shares as payment @ \$0.08	-	60,000
3 June 2008 – non renounceable share issue	-	2,120,728
20 June 2008 – capital raise	-	600,000
27 February 2009 – acquisition of WVE	6,400,000	-
23 April 2009 – capital raise @ \$0.035	5,187,000	-
29 May 2009 – acquisition of Magma	3,500,000	-
29 May 2009 – settlement of liabilities	492,042	-
Transaction costs arising from capital raisings – options (note 21)	(360,472)	-
Transaction costs arising from capital raisings - cash	(386,472)	(288,945)
At the end of the year	25,506,390	10,674,292

21. RESERVES

	CONSOLIDATED		PARENT	
	2009 \$	2009 \$	2008 \$	
Option premium reserves	6,232,074	6,232,074	236,302	
Asset revaluation reserve	249,130	249,130	-	
	6,481,204	6,481,204	236,302	
a) Options premium reserves				
313,006,346 (2008: n/a) Options (ASX: REROB)		788,774	-	
170,000,000 (2008: n/a) Options (unlisted)		5,443,300	-	
Nil (2008: 21,108,048) Options (ASX: REROA)		-	178,302	
Nil (2008: 1,000,000) Share based payment options		-	58,000	
		6,232,074	236,302	

	2009 \$	2008 \$
i) Options movement		
At the beginning of the year	236,302	236,302
6 October 2008 – prospectus issue @ \$0.002	250,000	-
30 November 2008 – options expired (transfer to retained earnings)	(58,000)	-
27 February 2009 – acquisition of WVE	2,635,200	-
27 February 2009 – Westar Capital fees	1,317,600	-
29 May 2009 – acquisition of Magma	1,490,500	-
29 May 2009 – capital raising fees (note 20)	360,472	-
At the end of the year	6,232,074	236,302

ii) Number of Options

OPTIONS – ASX CODE EXERCISE PRICE EXPIRY DATE	REROA 20 CENTS 30/11/08	UNLISTED 20 CENTS 30/11/08	REROB 6 CENTS 6/11/11	UNLISTED 6 CENTS 17/03/14	TOTAL
Number as at 1 July 2008	21,108,145	1,000,000	-	-	22,108,145
Expired not exercised	(21,108,145)	(1,000,000)	-	-	(22,108,145)
Prospectus issue	-	-	125,000,000	-	125,000,000
Acquisition of WVE	-	-	-	80,000,000	80,000,000
Westar Capital fees	-	-	-	40,000,000	40,000,000
Placement (free attaching options)	-	-	148,200,000	-	148,200,000
Acquisition of Magma	-	-	-	50,000,000	50,000,000
Capital raising fees	-	-	25,748,000	-	25,748,000
Settlement of liabilities (free attaching options)	-	-	14,058,346	-	14,058,346
Balance as at 30 June 2009	-	-	313,006,346	170,000,000	483,006,346
Number as at 1 July 2007	21,108,148	1,000,000	-	-	22,108,148
Conversion of options to shares	(3)	-	-	-	(3)
Balance as at 30 June 2008	21,108,145	1,000,000	-	-	22,108,145

iii) Nature of reserves

The option premium reserves represent amounts for the future right to acquire shares at a pre-determined price.

b) Asset revaluation reserve

	2009 \$	2008 \$
At the beginning of the year	-	-
Net change in fair value of available-for-sale instruments	249,130	-
At the end of the year	249,130	-

The asset revaluation reserve represents the cumulative net increase in the fair value of available-for-sale investments until the investment is derecognised.

22. LOSS PER SHARE

	2009 \$	2008 \$
Basic loss per share (cents per share)	(0.86)	(2.33)
Loss used in calculation of basic loss per share	(2,167,849)	(1,579,095)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	250,879,011	67,787,907

Options outstanding at year end:

The options outstanding are not included in the calculation of diluted earnings per share because they are anti-dilutive for the years ended 30 June 2009 and 2008.

23. COMMITMENTS AND CONTINGENT LIABILITIES

	CONSOLIDATED		PARENT
	2009 \$	2009 \$	2008 \$
(a) Tenements			
No later than one year	701,867	459,617	680,564
Longer than one year, but not longer than five years	1,096,783	1,096,783	3,278,796
Longer than five years	140,166	140,166	801,013
	1,938,816	1,696,566	4,760,373

The consolidated entity intends to carry out expenditure on each project to meet Department of Primary Industries and regulatory commitments. Future funding and / or farm-out options will be considered on an ongoing basis to ensure the consolidated entity has sufficient funds to comply with its commitments.

Subject to results obtained from such exploration as carried out and ongoing assessment of each of the consolidated entity's projects, the consolidated entity may farm-out, or relinquish its rights to earn on any or all of its projects, thereby reducing the level of commitments disclosed above.

If the consolidated entity decides to relinquish certain leases and / or does not meet its obligations, assets recognised in the balance sheet may require review to determine the appropriateness of the carrying values. The sale, transfer land or farm-out of explorations rights to third parties will reduce or extinguish these obligations.

Specific Commitments

The parent entity earned a 90% interest in the Eucalyptus project during the prior year and has the right to earn up to 80% interest in the Mt Goose project by spending \$500,000 over a 3 year period. The parent entity has the right to earn a 90% in Eucalyptus tenements by spending \$225,000 over 3 years.

(b) Royalties

Gold

The parent entity has numerous royalty agreements payable for gold production on the Eucalyptus and Yerilla projects and some tenements at Mt. Zephyr, Mt. Korong and Kookynie.

Petroleum

In accordance with the terms of the purchase of Western Victorian Energy Pty Ltd, Eastern Star Limited has a right to receive a 2.5% royalty of any petroleum produced, saved or sold from the tenements EL4507 and EL4510.

On 29 May 2009, a Royalty Agreement was executed between Magma Oil Pty Ltd ("Magma") and EIR Royalties Pty Ltd ("EIR") whereby Magma is obligated to pay a 2% royalty to EIR of the wellhead value of all petroleum produced by Magma and any other sub-licences of the UCTL process, and 2% of net sales by Magma or any other sub-licences of products other than petroleum which is produced directly by the application of the UCTL process including hydrocarbon products, zeolite residues, excess seam and water. Mr Rohan Gillespie and Mr Brett Cooper are directors of EIR and have a financial benefit in that entity.

On 15 March 2009, Forbes Oil & Gas Pty Limited ("Forbes") and Magma entered into a Licence Agreement whereby Magma is to pay Forbes 5% of the wellhead value of all petroleum produced by Magma and any other sub-licences of the UCTL process, and 5% of net sales by Magma or any other sub-licences of products other than petroleum which is produced directly by the application of the UCTL process including hydrocarbon products, zeolite residues, excess seam and water.

(c) Native Title Claims

Legislation developments and judicial decision (in particular the uncertainty created in the area of Aboriginal land rights by the High Court decision in the “Mabo” and “Wik” cases and Native Title legislation) may have an adverse impact on the consolidated entity’s ability to fund those activities. It is impossible at the time to quantify the impact (if any) that these developments may have on the consolidated entity’s operations.

The consolidated entity is aware of Native Title claims in respect of ground in which the consolidated entity has an interest. It is possible that further claims could be made in the future. However, the consolidated entity cannot determine whether any current claims, if made, will succeed and, if so, what the implications would be to the consolidated entity.

(d) Financial leases

The parent entity entered into a financial lease agreement to purchase a motor vehicle.

	2009 \$	2008 \$
No later than one year	-	8,612
Longer than one year , but not longer than five years	-	22,174
Longer than 5 years	-	-
Minimum future lease payments	-	30,786
Less future finance charges	-	(2,121)
Present value of minimum lease payments	-	28,665
Included in the financial statements as: (note 19)		
Current Borrowings	-	8,612
Non-current borrowings	-	22,173

(e) Stamp Duty

Tenements associated with the acquisition of the Eucalyptus projects are complete save for the receipt of stamp duty. This assessment is unable to be assessed due to royalty provisions associated with the tenement acquisition.

24. SEGMENT INFORMATION

The consolidated entity's operations are within Australia and are predominantly confined to gold exploration and the development of Underground Coal to Liquids ("UCTL") technology.

	Gold Exploration		UCTL Technology		Consolidated	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Revenue						
Segment Revenue	-	719,631	-	-	-	719,631
Unallocated Revenue					48,257	-
Total Consolidated Revenue					48,257	719,631
Result from operations						
Segment Result	(2,185,742)	(1,579,095)	(3,300)	-	(2,189,042)	(1,579,095)
Unallocated Expenses					(114,044)	-
Result before tax					(2,303,086)	(1,579,095)
Income tax benefit					135,237	-
Consolidated net loss					(2,167,849)	(1,579,095)
Assets						
Segment assets	3,230,221	5,483,963	16,704,521	-	19,934,742	5,483,963
Unallocated assets					4,488,317	-
Total assets					24,423,059	5,483,963
Liabilities						
Segment Liabilities	(164,311)	(216,332)	(23,966)	-	(188,277)	(216,332)
Unallocated Liabilities					-	-
Total Liabilities					(188,277)	(216,332)
Other Segment Information						
Exploration expenditure	228,723	239,308	729	-	229,452	239,308
Capital expenditure	609	832	-	-	609	832
Depreciation	(17,519)	(32,863)	-	-	(17,519)	(32,863)
Impaired exploration	(1,341,577)	(106,625)	-	-	(1,341,577)	(106,625)
Cash flow information:						
From operating activities	(1,094,665)	(1,263,223)	(5,521)	-	(1,100,186)	(1,263,223)
Unallocated					25,084	-
					(1,075,102)	(1,263,223)
From investing activities	(294,580)	(741,290)	(68,729)	-	(363,309)	(741,290)
Unallocated					(1,247,973)	-
					(1,611,282)	(741,290)
From financing activities	(30,784)	3,079,862	-	-	(30,784)	3,079,862
Unallocated					5,500,528	-
					5,469,744	3,079,862

25. RELATED PARTY DISCLOSURES

a) Key management personnel remuneration and equity holdings

A summary of key management personnel compensation is as follows:

	CONSOLIDATED		PARENT
	2009 \$	2009 \$	2008 \$
Short-term employee benefits	282,645	282,645	614,092
Post employment benefits	11,950	11,950	47,713
	294,595	294,595	661,805

Refer to the remuneration report in the Directors' Report for detailed compensation disclosure on key management personnel. The Company has taken advantage of the relief provided by the Corporations Regulation 2M.6.04 to transfer the detailed compensation disclosures on key management personnel to the Directors' Report.

Details of key management personnel equity holdings are disclosed in note 7 to the financial statements.

b) Loans to Key Management Personnel

No formal loans were extended to key management personnel.

c) Other transactions with related entities

The consolidated entity entered into transactions to/from related companies during the year. These companies are related due to both companies having common directors.

	YEAR ENDED 30 JUNE 2009 \$	YEAR ENDED 30 JUNE 2008 \$
Balances receivable/(payable) as at the end of the year:		
AAG Management Pty Ltd – unsecured deposit	60,000	30,000
Advance Energy Limited	-	(12,828)
Palace Resources Limited	-	3,102
Palace Resources Limited	-	(349)
Vector Resources Limited	-	(349)
Services provided to/(from) related entities:		
AAG Management Pty Ltd - interest	(2,171)	-
Advance Energy Limited	(522)	(45,114)
AXG Mining Limited	1,000	-
AXG Mining Limited - interest	(7,059)	-
Palace Resources Limited	2,000	26,670
Palace Resources Limited	(12,560)	(39,283)

	YEAR ENDED 30 JUNE 2009 \$	YEAR ENDED 30 JUNE 2008 \$
Vector Resources Limited	-	349
Vector Resources Limited	-	(232)
Melbourne Capital Limited – capital raising fees - cash	(50,000)	-
Melbourne Capital Limited – capital raising fees - options	(132,821)	-
During the year Regal Resources received / (repaid) the following loans from related parties:		
AXG Mining Limited	465,000	-
AXG Mining Limited – share and option issues	(465,000)	-
Palace Resources Limited	-	250,000
Vector Resources Limited	-	350,000
Parent entity receivable/(payable) as at the end of the year from controlled entity:		
Western Victoria Energy Pty Ltd	6,227,436	-

During the 2009 financial year, the parent entity purchased 127.2 million ordinary shares in Transol Corporation Limited at an issue price of \$0.002 included in note 13. Mr Edgar is a Director of Transol Corporation Limited. Mr Edgar abstained from the decision to acquire such shares. The shares were issued at arm's length being at the same price as a rights issue that Transol Corporation Limited was undertaking at the time.

The parent entity's 100% owned subsidiary, Magma Oil Pty Ltd, entered into a management consulting agreement with Energy Infrastructure and Resources Ltd (EIR) for the management of the development of the Pilot Plant of the UCTL process. Both Mr. Bretton Cooper and Mr. Rohan Gillespie are directors of EIR and have a financial interest in that entity. Fees paid under the terms of the management consulting agreement are undertaken at arm's length and at market rates. No fees have been incurred in the period from 16 June 2009 (the date of appointment of the directors) to 30 June 2009.

All transactions with related entities have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

d) Controlled Entities

The parent entity is Regal Resources Limited.

The consolidated financial statements include the financial statements of Regal Resources and the subsidiaries listed below:

Name	Country of Incorporation	% Equity Interest		Investment	
		2009 %	2008 %	2009 \$	2008 \$
Western Victoria Energy Pty Ltd	Australia	100	-	10,537,412	-
Magma Oil Pty Ltd (i)	Australia	100	-	-	-

The ownership of Magma Oil Pty Ltd is held by Western Victoria Energy Pty Ltd.

26. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED		PARENT
	2009 \$	2009 \$	2008 \$
Cash and cash equivalents	3,976,639	3,897,644	1,193,279
Cash and cash equivalents per Cash Flow Statement	3,976,639	3,897,644	1,193,279
(b) Reconciliation of loss for the year to net cash flows from operating activities			
Loss for the period	(2,167,849)	(2,164,549)	(1,579,095)
Shares and Options issued in lieu of payment	-	-	60,000
Exploration written-off/impairment	1,341,577	1,341,577	39,594
Depreciation	17,519	17,519	14,527
Loss on sale of non-current assets	146,409	146,409	5,964
Provision for employees leave benefits	(66,684)	(66,684)	(10,825)
Changes in net asset and liabilities:			
Current receivables	(447,394)	(442,860)	41,341
Inventories	-	-	331,862
Other assets	11,248	11,248	(2,730)
Payables	90,072	87,489	(163,861)
Net cash from operating activities	(1,075,102)	(1,069,851)	(1,263,223)

(c) Non-cash financing and investing activities

In the course of the 2009 year the following non-cash financing and investing activities occurred:

- Shares issued to settle liabilities at fair value of \$492,042
- Options issued to settle capital raising costs at fair value of \$360,472

27. ACQUISITION OF CONTROLLED ENTITIES

During the current year the following controlled entities were acquired:

Effective date of acquisition:	Western Victoria Energy 27 February 2009	Magma Oil 29 May 2009	Total
	\$	\$	\$
(a) Purchase consideration			
Shares issued (i)	6,400,000	3,500,000	9,900,000
Options issued (ii)	2,635,200	1,490,500	4,125,700
Broker fees (ii)	1,317,600	-	1,317,600
Acquisition costs	34,612	9,900	44,512
Cash payment	150,000	800,000	950,000
	10,537,412	5,800,400	16,337,812
	FAIR VALUE \$	BOOK VALUE \$	FAIR VALUE \$
(b) Assets & Liabilities Acquired			
Cash & cash equivalents	448	448	491
Term Deposits	20,000	20,000	29,277
Other Receivables	6,337	6,337	45,678
Exploration tenements	10,510,629	49,844	-
Intangible UCTL rights	-	-	5,999,954
Loans	-	-	(275,000)
Other liabilities	(2)	(2)	-
	10,537,412	76,627	5,800,400
			785,407
			16,337,812
(c) Net Cash Effect			
Cash consideration paid	(184,612)	(809,900)	(994,512)
Net cash acquired	448	491	939
	(184,164)	(809,409)	(993,573)

The companies acquired in 2009 did not meet the definition of a business at the date of purchase under Accounting Standard AASB 3 and accordingly have been accounted for as asset acquisitions rather than business combinations. Details of calculations for equity issues are disclosed below:

	WESTERN VICTORIA ENERGY	MAGMA OIL
(i) Share Issues:		
Shares issued	160,000,000	100,000,000
Share price on recent market sales	\$0.04	-
Share price on share placement	-	\$0.035
(ii) Option Issues:		
Options Issued – purchase	80,000,000	50,000,000
Options Issued – broker fees	40,000,000	-
Option Value (Black-Scholes)	\$0.03294	\$0.02981
Exercise price	\$0.06	\$0.06
Expiry date	27 Feb 2014	27 Feb 2014
Share price at grant date	\$0.04	\$0.035
Expected volatility	125.78%	140.24%
Risk free interest rate	3.80%	4.67%

Options have been valued using the Black-Scholes Option pricing model not allowing for any possible future dividends or early exercise of the options. Expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

28. SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

ADDITIONAL SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange (ASX) listing rules as at 21 September 2009.

List of 20 largest shareholders

RANKING	NAME	SHARES HELD	% OF TOTAL SHARES
1	Energy Infrastructure & Resources Ltd	90,000,000	15.240
2	Serec Pty Ltd	74,000,000	12.679
3	Mr Stephen Mitchell	70,000,000	11.993
4	Corridor Nominees Pty Ltd	26,125,150	4.476
5	Intermin Resources Ltd	16,495,279	2.826
6	Mungala Investments Pty Ltd	14,000,000	2.398
7	Silksnow Pty Ltd	10,000,000	1.1713
8	Martin Place Securities Staff Super Fund Pty Ltd	10,000,000	1.1713
9	Kabila Investments Pty Ltd	9,533,333	1.633
10	UBS Wealth Management Australia Nominees Pty Ltd	9,423,127	1.614
11	Ms Jeannette Mary Evans	8,110,000	1.389
12	Manfree Nominees Pty Ltd <Freeman Super Fund a/c>	7,000,000	1.199
13	Tyson Resources Pty Ltd	6,135,282	1.051
14	Angora Lane Pty Ltd <Angora Lane P/L S/Fund A/c>	6,075,000	1.040
15	Formaine Pty Ltd	6,075,000	1.028
16	Cassa Trading Pty Ltd <The Cassa Trading A/c>	6,000,000	1.028
17	Group #888976 Fay Holdings Pty Ltd	6,000,000	1.028
18	Berne No 132 Nominees Pty Ltd <376804 A/c>	5,049,000	0.865
19	Pylara Pty Ltd	5,000,000	0.865
20	Clear Range Pty Ltd	5,000,000	0.856
Total of top 20 Shareholders		389,946,171	66.805

Substantial Shareholders

NAME	SHARES HELD	% OF TOTAL SHARES
Energy Infrastructure and Resources Limited	90,000,000	15.42
Angus Edgar	88,000,000	15.07

Distribution of shareholder's holdings

ORDINARY SHARES HELD	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 – 1,000	9	135
1,001 – 5,000	14	58,016
5,001 – 10,000	86	785,014
10,001 – 100,000	286	13,299,380
100,001 and over	275	569,497,642
Total	670	583,640,187

Additional information required by the Australian Securities Exchange (ASX) listing rules as a 21 September 2009.

List of 20 largest option holders

RANKING	NAME	OPTIONS HELD	% OF TOTAL OPTIONS
1	BlueBase Pty Ltd	17,500,000	5.590
2	Distinct Racing & Breeding Pty Ltd	15,250,000	4.872
3	AXG Mining Limited	12,857,142	4.107
4	Corridor Nominees Pty Ltd	11,628,572	3.715
5	Mungala Investments Pty Ltd	10,000,000	3.194
6	Serec Pty Ltd	10,000,000	3.194
7	Group #889120 Merill Lynch (Australia) Nominees Pty Ltd <Berndale a/c>	10,000,000	3.194
8	Kabila Investments Pty Ltd	9,533,333	3.045
9	Melbourne Capital Limited	9,487,200	3.030
10	Melbourne Capital Limited	9,000,000	2.875
11	Group #607174 UBS Wealth Management Australia Nominees Pty Ltd	7,300,000	2.332
12	Angora Lane Pty Ltd <Angora Lane P/L S/Fund A/c>	7,200,000	2.300
13	Group #607197 Gregorach Pty Ltd c/- Warwick Grigor	6,500,000	2.076
14	Group #888894 Mesuta Pty Ltd	5,005,000	1.599
15	Mandevilla Pty Ltd	5,000,000	1.597
16	Ms Jeannette Mary Evans	5,000,000	1.597
17	Sixth Erra Pty Ltd <Staff Super Fund A/c>	4,766,667	1.522
18	Jennifer Edgar	4,500,000	1.437
19	Chalmsbury Nominees Pty Ltd <Black Account>	4,200,000	1.341
20	Melsim Pty Ltd	4,000,000	1.277
Total of Top 20 Option Holders		168,727,914	53.894

Distribution of option holdings

ORDINARY SHARES HELD	NUMBER OF OPTION HOLDERS	NUMBER OF OPTIONS
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	0	0
10,001 – 100,000	26	2,185,500
100,001 and over	176	310,820,846
Total	202	313,006,346

Enquiries

Shareholders with any enquiries about any aspect of their shareholding should contact the Company's share register as follows:

Advanced Share Registry Services Pty Ltd

Tel: +61 8 9389 8033

Fax: +61 8 9389 7871

Web: www.advancedshare.com.au

Electronic Announcements and Reports

Shareholders who wish to receive announcements made to the ASX, as well as electronic copies of the Annual Report and Half Yearly Report, are invited to provide their e-mail address to the Company. This can be done in writing to the Company Secretary.

Removal from the Printed Annual Report mailing list

Shareholders who do not wish to receive the Annual Report should advise the Share Registry in writing to remove their names from the mailing list. Those shareholders will continue to receive all shareholder information.

Change of name / address

Shareholders who are Issue Sponsored should advise the Share Registry promptly of any changes of name and / or address so that correspondence with them does not go astray. All such changes must be advised in writing and cannot be accepted via telephone. Forms can be found on the Share Registry website or obtained by contacting the Share Registry.

Shareholders who are in CHESS and Brokered Sponsored should instruct their sponsoring brokers in writing to notify the Share Registry of any changes of name and / or address.

In the case of a name change, the written advice must be supported by documentary evidence.

Consolidation of Shareholdings

Shareholders who wish to consolidate their separate shareholdings into one account should write to the Share Registry or their sponsoring broker, whichever is applicable.

Stock Exchange Listing

The Company's shares are listed on the ASX. Details of share transactions and prices published in the financial papers of the daily capital city newspapers under the code RER.

Registered Office

The registered office of the Company is:

Regal Resources Limited
Level 14, 31 Queen Street
MELBOURNE VIC 3000

Tel: +61 3 8610 8633

Fax: +61 3 8610 8666

Email: info@regalresources.com.au

Web: www.regalresources.com.au

Company Secretary

Adrien Wing

Mining Tenement Schedule

PROJECT	GRANTED	TENEMENT	BLOCKS	AREA (HA)	HOLDERS	INTEREST %
Mt Korong	Yes	P 39/4361		120	P. A. Wiltshire	100
	Yes	P 39/4362		120	P. A. Wiltshire	100
	Yes	P 39/4363		120	P. A. Wiltshire	100
	Yes	P 39/4365		181	P. A. Wiltshire	100
	Yes	P 39/4366		125	P. A. Wiltshire	100
	Yes	P 39/4367		108	P. A. Wiltshire	100
	Yes	P 39/4368		120	P. A. Wiltshire	100
	Yes	P 39/4369		120	P. A. Wiltshire	100
	Yes	P 39/4370		119	P. A. Wiltshire	100
	Yes	P 39/4371		120	P. A. Wiltshire	100
	Yes	P 39/4372		112	P. A. Wiltshire	100
	Yes	P 39/4373		172	P. A. Wiltshire	100
	Yes	P 39/4374		197	P. A. Wiltshire	100
	Yes	P 39/4375		146	P. A. Wiltshire	100
	Yes	E 39/1196	41	12,340	Regal Resources Ltd	100
		E 39/1197	40	12,047	Regal Resources Ltd	100
	Yes	P 39/4426		120	T. J. Dixon	100
Eucalyptus	Yes	P 39/2819		200	M.J & M.J. Longman	100
	No	M 39/480		200	M.J & M.J. Longman	100
	Yes	P 39/3753		103	T. J. Dixon	90
	No	M 39/967		114	T. J. Dixon	90
	Yes	M 39/969		87	T. J. Dixon	90
	Yes	P 39/3809		140	T. J. Dixon	90
	Yes	P 39/3811		90	T. J. Dixon	90
	Yes	M 39/991		213	T. J. Dixon	90
	Yes	P 39/3810		120	T. J. Dixon	90
	Yes	M 39/968		122	T. J. Dixon	90
	Yes	M 39/966		203	T. J. Dixon	90
	Yes	P 39/3888		160	T. J. Dixon & T. R. Faull	90
	No	M 39/905		160	T. J. Dixon & T. R. Faull	90
	Yes	P 39/4343		121.4	T. J. Dixon	90
	Yes	M 39/914		278	T. J. Dixon	90
	yes	M 39/1064		565	T. J. Dixon	90
	Yes	M 39/115		48.85	Eucalyptus Gold Mines PL	100
	Yes	M 39/292		6.11	Eucalyptus Gold Mines PL	100
	Yes	M 39/275		19.51	R. Garbutt	100
	No	M 39/565		292	R. M. McKnight	earning 90

PROJECT	GRANTED	TENEMENT	BLOCKS	AREA (HA)	HOLDERS	INTEREST %
Eucalyptus (continued)						
	No	M 39/887		334	R. M. McKnight	earning 90
	No	M 39/881		303	R. M. McKnight	earning 90
	No	P 39/4622		122	T. J. Dixon	90
	No	P 39/4623		114	T. J. Dixon	90
	No	P 39/4624		121.31	R. M. McKnight	earning 90
	No	P 39/4625		181.3	R. M. McKnight	earning 90
	No	P 39/4626		126.14	R. M. McKnight	earning 90
	No	P 39/4627		159.03	R. M. McKnight	earning 90
	No	P 39/4628		186.8	R. M. McKnight	earning 90
	No	P 39/4629		152.3	R. M. McKnight	earning 90
	No	P 39/4630		106.9	R. M. McKnight	earning 90
	No	P 39/4631		192.81	R. M. McKnight	earning 90
	No	P 39/4632		150.8	R. M. McKnight	earning 90
	No	P 39/4633		182.43	R. M. McKnight	earning 90
	No	P 39/4634		117.1	R. M. McKnight	earning 90
	No	P 39/4635		158.05	R. M. McKnight	earning 90
	No	P 39/4636		160	T. J. Dixon & T. R. Faull	90
	No	P 39/4556		75.9	Regal Resources Ltd	100
Mt Goose	Yes	E 39/946	9		Avoca Resources Ltd	earning 80
	No	P 39/9428		191.9	Regal Resources Ltd	100
	No	P 39/9429		160.5	Regal Resources Ltd	100
	No	P 39/9430		54.3	Regal Resources Ltd	100
	No	P 39/9431		185.2	Regal Resources Ltd	100
	No	P 39/9432		168.9	Regal Resources Ltd	100
	No	P 39/9433		156.9	Regal Resources Ltd	100
Mt Zephyr	Yes	E 37/706	14		Regis Resources, Newmont Duketon	80
	Yes	E 39/898	3		Regis Resources, Newmont Duketon	80
	Yes	E 39/899	2		Regis Resources, Newmont Duketon	80
	Yes	E 39/924	9		Regis Resources, Newmont Duketon	80
	Yes	E 39/940	21		Avoca Resources Ltd	100
	No	M 39/964		604	Avoca Resources Ltd	100
	No	M 39/965		604	Avoca Resources Ltd	100
	No	P 39/4610		184.67	Avoca Resources Ltd	100
	No	P 39/4611		163.97	Avoca Resources Ltd	100
	No	P 39/4612		158.95	Avoca Resources Ltd	100
	No	P 39/4613		190.53	Avoca Resources Ltd	100
	No	P 39/4614		183.21	Avoca Resources Ltd	100
	No	P 39/4615		160.95	Avoca Resources Ltd	100
	No	P 39/4616		163.86	Avoca Resources Ltd	100

PROJECT	GRANTED	TENEMENT	BLOCKS	AREA (HA)	HOLDERS	INTEREST %
Yerilla	Yes	M 31/67		327.55	P. S. Milling	100
	No	M 31/193		798	Newmont Yandal Operations PL	100
	No	M 31/194		865	Newmont Yandal Operations PL	100
	No	M 31/195		818	Newmont Yandal Operations PL	100
	No	M 31/196		117	Newmont Yandal Operations PL	100
	No	P 31/1816		178.22	Newmont Yandal Operations PL	100
	No	P 31/1817		147.55	Newmont Yandal Operations PL	100
	No	P 31/1818		199.15	Newmont Yandal Operations PL	100
	No	P 31/1819		124.67	Newmont Yandal Operations PL	100
	No	P 31/1820		148.73	Newmont Yandal Operations PL	100
	No	P 31/1821		199.91	Newmont Yandal Operations PL	100
	No	P 31/1822		153.46	Newmont Yandal Operations PL	100
	No	P 31/1823		181.7	Newmont Yandal Operations PL	100
	No	P 31/1824		162.38	Newmont Yandal Operations PL	100
	No	P 31/1825		167.75	Newmont Yandal Operations PL	100
	No	P 31/1826		197.74	Newmont Yandal Operations PL	100
	No	P 31/1827		187.7	Newmont Yandal Operations PL	100
	No	P 31/1828		160.62	Newmont Yandal Operations PL	100
	No	P 31/1829		106.37	Newmont Yandal Operations PL	100
No	P 31/1830		164.84	Newmont Yandal Operations PL	100	
No	P 31/1831		116.94	Newmont Yandal Operations PL	100	
Wilga	Yes	M 39/311		44	A. W. Slater	100
Menzies	Yes	M 29/14		102.8	Rox Resources Ltd	100
	Yes	M 29/88		35.2	Goongarrie Gold P/L	100
	Yes	M 29/153		989.63	Goongarrie Gold P/L	100
	Yes	M 29/154		345.3	Goongarrie Gold P/L	100
	Yes	M 29/184		640	Rox Resources Ltd	100
	Yes	M 29/212		923.55	Rox Resources Ltd	100
	Yes	P 29/1867		8	Rox Resources Ltd	100
	No	M 29/223		15	Goongarrie Gold P/L	100
	No	M 29/225		581	Julia Gold P/L	100
Malcolm	Yes	M 37/1164		105	Liberty Gold NL	100
Abednego	Yes	P 39/4349		20	McCarthy and Wiltshire	100

