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19 April 2010

ASX Announcement

Regal Resources Limited – Testing of Canadian Oil Shale

The Directors of Regal Resources Limited (“Regal”) are pleased to announce the testing program for the surface vessel at the Oak Park facility has been expanded to include oil shales. Regal entered into an agreement to test kerogen extraction from oil shale at its Oak Park facility with a sizeable Canadian resource company. This company is currently in the process of acquiring a substantial land position in western Canada over known oil shale and is currently evaluating the alternatives for commercialising this world scale oil shale resource. Under the terms of the agreement they will provide oil shale test samples to Regal. The bulk sample is expected to arrive in Melbourne during May 2010.

Regal has a worldwide exclusive license for the patent pending Underground Coal to Liquids (“UCTLTM”) technology, which potentially has application to both “in-situ” and above ground application, termed as Surface Coal to Liquids (“SCTL”). The technology may have application to oil shales, which are prevalent globally and contain many billions of barrels of oil. To date, finding a viable means of oil extraction from the oil shales that is economic and also low in energy use has been a key issue faced by the oil shale industry. Regal’s SCTL technology has the potential application on assisting separation of hydrocarbon products from the oil shale.

As global energy demands continue to increase, so does the demand and reliance on petroleum products. As conventional oil resources dwindle, the world’s unconventional hydrocarbon resources provide an opportunity to assist in meeting this energy demand. The unconventional resources include oil shale as well as other potential sources such as coal-derived liquids, heavy oil, oil sands and gas to liquids options.

Oil shale resources are widely distributed around the globe in sizes from small localised occurrences to deposits covering large regions, thousands of kilometres in width. The largest known deposit is the Green River Formation in the Western U.S.A., estimated to contain about 1.5 trillion barrels of shale oil (kerogen).

Numerous oil shale processing methods are in use throughout the world, currently with the largest production capacities existing in China, Estonia and Brazil. Of paramount importance to the production of oil from oil shale is the cost, the process efficiency in terms of energy and water consumption, the environmental effects and the conversion of spent shale into marketable by-products. Continuous improvements in technology, quality of operations and environmental compliance will contribute to the growth of shale oil production from oil shale.

Should the testing of the Canadian oil shale samples at Oak Park be successful and show potential to have processing benefits within Canada, the parties will discuss commercialisation options for applying Regal’s technology on the oil shale acreage.

For further information, please contact Angus Edgar on +61 3 8610 8633.



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