

Level 14  
31 Queen Street  
Melbourne Victoria 3000  
T (+61 3) 8610 8633  
F (+61 3) 8610 8666  
E [info@regalresources.com.au](mailto:info@regalresources.com.au)  
W [www.regalresources.com.au](http://www.regalresources.com.au)

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## **ASX Announcement**

### **Patents Lodged – Interest in Oil Sands using Above Ground Applications of the UCTL Process**

#### **Patents**

The Directors of Regal Resources Limited ("Regal") are pleased to announce that Forbes Oil and Gas Pty Ltd ("Forbes") has notified Regal that patents surrounding the Underground Coal To Liquids ("UCTL") process have been lodged under the Patent Cooperation Treaty covering over 140 countries and regions including Australia, United States of America, Canada, European Union Members, United Kingdom, India and China. Forbes has provided a worldwide exclusive licence of the UCTL process to Magma Oil Pty Ltd, a wholly owned Regal company.

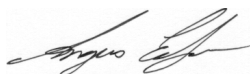
Two patents have been lodged. The first relates to the use of Water with Supercritical Properties ("WSP") being delivered directly into a carbonaceous resource (including lignite, brown coal, black coal, oil shale and oil sands). The UCTL process makes use of the supercritical properties in water which is delivered from a special purpose nozzle to the resource face as a very high velocity spray. A common feature of the process with all these forms of carbonaceous resources is that the WSP acts as a "solvent" to break the carbon molecular bonds and at the same time introduces a source of additional hydrogen to form lighter, liquid hydrocarbons. The process occurs "in situ" within the coal seam which thereby removes the need for high temperature and high pressure surface vessels that are expensive and utilise significant amounts of energy.

The second patent covers aspects of the UCTL plant that delivers the WSP via a special purpose nozzle to the carbonaceous resource and recovers the products.

#### **Interest in Oil Sands Using Above Ground Applications of the UCTL Process**

As a result of a number of enquiries from overseas corporations, Regal is now also investigating certain applications whereby the UCTL and WSP processes may be applied in above ground applications. A number of the above ground applications have been included in the recent patent applications that have been lodged. Such applications include the use of the process as an "up grader" of mined hydrocarbons such as the bitumen which is the early stage product of oil sands production. This industry is very large in Canada and currently vast amounts of methane are required as a source of hydrogen to improve the flowing and refining properties of the bitumen, prior to further processing. As well as the application of UCTL "in-situ", Regal is pursuing this opportunity for its technology to be used in enhancing the oil quality and providing a cost saving in refining. Regal will keep the market informed when and if such negotiations result in formal agreements being executed between parties.

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



**Angus Edgar**  
Managing Director