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ASX Announcement

Regal Resources Limited – Expanded Technology Licensing

The Directors of Regal Resources Limited (“Regal”), who holds the exclusive world-wide license for the patented Underground Coal to Liquids (“UCTL”) technology are pleased to announce it has expanded its technology licensing with Forbes Oil and Gas Pty Ltd and inventor Mr Peter O’Dowd (“Forbes”) for an entirely new process called “W10”.

Expanded Technology

W10 is a hydrocarbon enhancement process utilising alkaline metallic catalysts as covered by the Forbes Australian provisional patent application 2009904285 entitled “Alkaline Hydrocarbon Extraction” filed on 4 September 2009. W10 is a different process to UCTL and does not involve the deployment of Supercritical Water.

W10 potentially involves the deployment of an alkaline metal catalyst to “donate” hydrogen to a hydrocarbon “host” such as coal, oil sands or oil shale, via an exothermic chemical reaction thereby significantly improving the value of the hydrocarbon. The same process may also improve the viscosity of “heavy oil” products such as bitumen derived from oil sands, thereby improving its piping qualities to refineries.

Targets for W10 application include:

- “in-situ” conversion of brown and black coal to long chain hydrocarbons and methane
- oil sands upgrading (both “in-situ” and surface upgrades)
- upgrading of mined oil shale
- globally traded heavy oils

Regal proposes to conduct extensive laboratory testing of W10 over the coming months, and results will be subject to further announcements.

This now gives Regal access to two separate but complimentary processes for the upgrading and extraction of an expanded suite of hydrocarbon resources.

Expanded Licencing – UCTL and W10

Regal has expanded its license terms to include:

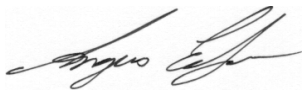
- Further types of hydrocarbon deposits of oil sands, tar sands, heavy or bituminous oil deposits, in addition to lignite, coal and oil shale. This applies to the “in-situ” application of UCTL, and a 2% royalty will be payable to EIR Royalties Pty Ltd (EIR), a company associated with two Directors of Regal, Mr Bretton Cooper and Mr Rohan Gillespie
- Aboveground applications across all the above hydrocarbon types - royalty payable to Forbes shall be the lesser of 5% well head value or 10% of the calculated value-add, and a 2% royalty will be payable to EIR, a company associated two Directors of Regal, Mr Bretton Cooper and Mr Rohan Gillespie
- W10 royalty payable to Forbes shall be 7.5% well head value royalty for in situ applications and the lesser of 7.5% well head value and 10% of value-add for other aboveground applications.
- Emerging “stranded” hydrocarbon deposits called carbonate oil deposits and/or sedimentary oil deposits for which no viable extraction method is currently available. The royalty payable to Forbes for the W10 application to such deposits shall be 7.5% well head value for in situ applications and the lesser of 7.5% well head value and 10% of value-add for aboveground applications.

In further consideration, Forbes has been granted five million listed options each to acquire one fully paid ordinary share in the capital of Regal having an exercise price of six cents (\$0.06) and an expiry date of 6 November 2011. Regal will also pay Forbes \$100,000 upfront plus a further \$250,000 when one of the following occurs:

- Regal undertakes commercial application (other than in a demo project) of W10 and/or raises \$5m for such purpose, or
- Regal undertakes development of the licensed IP (other than in a demo project) for application in carbonaceous or sedimentary oil fields.

The implications of this technology are potentially significant for Regal.

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



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