



7 April 2009

ASX Announcement

“In-situ“ low cost UCTL technology gets demonstration funding

Securing Funding

Regal Resources Limited ("Regal") is pleased to announce it has been notified by Melbourne Capital Limited that it has received commitments for the placement of 148.2 million new shares at an issue price of 3.5 cents each to raise \$5,187,000 before any associated costs. Each share will also have an attaching November 2011, 6 cent option ("REROB") that will be subject to shareholder approval at a meeting to be held during May 2009.

Regal will be notifying Magma Limited ("Magma") that it will be funding the Pilot Test of the world first trial of the patented Underground Coal To Liquids ("UCTL") process at a location nearby to Melbourne. Upon such notification being given to Magma, the only "Condition Precedent" of an executed worldwide exclusive license agreement between Magma and the existing holder of the UCTL patents and intellectual property holder, Forbes Oil and Gas Pty Ltd, is then met and assignment of the license to Magma will occur immediately. The Pilot Test is still subject to regulatory approval being granted by the Victorian DPI and EPA, however such approval is expected to be granted during or before Q4 2009.

At the shareholders meeting to be held in May, approval will be sought for Regal to acquire 100% of Magma via the issue of 100 million shares and 50 million unlisted 6 cent options. Regal currently owns 20% of Magma. The Directors of Regal see significant value for Regal shareholders in ensuring the UCTL process is 100% owned.

Background on UCTL

The UCTL process is one whereby brown coal / lignite is anticipated to be converted to liquid hydrocarbon and gas products within the coal seam making it a truly "in situ" process. All other known processes for the liquefaction of coal require mining of the coal so it can be pre-treated prior to being processed within an expensive above ground plant. The UCTL process intends to avoid these costly and capital intensive steps, while also providing significant environmental benefits by not requiring open pit or underground mining and by producing little gas and therefore having a small CO2 footprint. Upon the production of liquid hydrocarbons and gas

within the coal seam, conventional oil extraction techniques are used to bring the products to the surface where they are separated and stored in tanks for delivery to existing refineries. The spectrum of liquid hydrocarbons to be produced from the UCTL process is expected to meet requirements for acceptance into such refineries.

The UCTL process is expected to operate at temperatures of between 300 and 350 degrees Celsius and is therefore also expected to produce large quantities of steam from the approximate 60% moisture content of brown coal / lignite. Measurement of such heat energy and steam will also occur during the Pilot Test to establish the viability of a commercial pathway for using the steam for the generation of electricity as an additional business to the production of liquid hydrocarbon.

The economic implications of UCTL proving to be a successful process are significant for the known worldwide 3500 billion tonnes of brown coal / lignite. Known processes have confirmed that the liquefaction of one tonne of coal can convert to approximately one barrel of oil. The anticipated Pilot Test will seek to confirm the UCTL conversion ratio.

If any further information is required, please do not hesitate to contact Angus Edgar on 03 8610 8633.

On behalf of the Board



Angus Edgar
Director