REGAL
RESOURCES LIMITED

30 July 2010

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Activities Report for the quarter ending 30 June 2010

The Director's of Regal Resources Limited ("Regal" or "the Company") present their quarterly report for the period ended 30 June 2010.

Underground Coal to Liquids ("UCTL")

The Company has progressed its initial stage of testing of the UCTL™ process at its Oak Park Pilot Plant. The results to date have led to a refinement of the theoretical UCTL process conditions and a number of alterations and modifications have been identified for the plant to more closely match these process requirements.

The UCTL trial at Oak Park was configured to test the UCTL technology in-situ within the 20 metre thick coal seam at 90 metres depth. Given the potential for application of UCTL on surface (such as upgrading bitumen derived from Canadian oil sands), it was decided to test UCTL on site within a surface reaction vessel (SRV) before the in-situ test.

The initial stage of testing was conducted with water at supercritical conditions, being 375 degrees C and 22MPa pressure. This water was sprayed through a number of nozzle configurations onto coal samples held within the SRV. As expected, given the original design of the SRV, the initial test results indicated the test conditions within the SRV were unable to replicate the process conditions specified in the UCTL patent. The two key conditions required are the ability to direct the spray within a block of coal (to avail of its insulative effect) and to allow the application of initiation chemicals (to pre-heat the reaction zone).

Testing was put on hold to allow design of the SRV modifications to be conducted. These include the mechanism for addition of chemical injection equipment, pipework configuration and insulation improvements to maximize the water temperature capacity of the plant, improvements to the method of coal placement within the test vessel, and installation of additional pressure and temperature instruments and product sampling points to enable more precise monitoring of process conditions. Specialist process design consultants were engaged to assist with the design of the modifications.

The Company now intends to undertake a revised development program of its UCTL technology and undertake such development within its existing financial capacity. It is anticipated that further research and testing of the behaviour and reactive properties of supercritical water spray, and the effects of chemical and catalyst additives will be undertaken within a laboratory environment prior to re-commencing testing activities at the Oak Park site.

The Company remains positive about its prospects of further developing and commercialising the UCTL technology and will keep the ASX informed as recommendations are made by Regal's specialist consultants.

Update on W10

W10 is a mix of reagents that have the potential to upgrade a range of carbonaceous materials, including coal, oil sands and oil shale. Following on from some earlier testing in Australian laboratories on oil sands, in May 2010 Regal commissioned testing on its W10 technology at an independent Canadian laboratory.

The purpose of the Canadian laboratory's tests is to ascertain whether W10 may have a role in the separation and / or upgrading of bitumen derived from Canadian oil sands. According to the Canadian Energy Research Institute paper dated May 2008, Canadian oil sands constitute a multi-billion dollar industry which in 2008 produced the equivalent of approximately 1.3 million barrels of oil per day. Projections for the growth of this industry out to 2030 fall within a band of 3.7 to 5.4 million barrels per day.

The laboratory phase of the Canadian laboratory's initial testing of W10 for both separation and upgrading was completed towards the end of the quarter with the Canadian laboratory then involved in analysis and report writing.

The Canadian laboratory's testing involved several test runs using autoclaves (pressure vessels) into which oil sands/or bitumen were placed and then reacted with the W10 reagents. Measurements for heat, pressure and gas generation were taken. Resulting liquids and gases were measured and analysed and material balances assessed.

Regal has received a report from the Canadian laboratory on "separation". The initial report from the laboratory dealing with W10's potential application for separation has indicated two positive aspects:

- bitumen is clearly separated from the oil sand by W10 and;
- the amount of suspended solids within the remaining liquid is minimal.

It is worth noting existing methods of separation leave substantial amounts of suspended solids in the tailings, which take several years to settle. The Canadian laboratory's report has a qualification that states the impact on the bitumen by W10 is not well understood and requires further testing to resolve. Regal intends to seek advice from its specialist consultants on the best way to conduct this further testing.

Regal is waiting for a second report focusing on the potential "upgrading" application for W10 and this report is expected during August 2010.

Upon receipt of the Canadian laboratory's report on upgrading, and the receipt of advice from its consultants on the further testing of W10's application for separation, Regal will review the findings and after determining next steps will make an announcement to the market.

Enhanced Biogenic Methane Ltd

Regal advises that Enhanced Biogenic Methane Ltd (EBM) has progressed its plans for the trial of the patent pending biogenic methane enhancement (BME) technology at its Oak Park Pilot Plant.

Regal has a 50 / 50 joint venture with EBM on ELs 4507 and 4510 whereby EBM has the right to identify and develop areas within these tenements for the production of coal seam methane on areas that do not conflict with Regal's UCTL™ and SCTL technologies.

Baseline analysis of the coal and formation water has established the chemistry present with bacteriology results on the formation water is encouraging. DNA analysis of the organisms present in the coal continues with the results expected to assist EBM to refine the second and third phases of the trial. DNA information enables the technology to target specific gas forming anaerobic organisms.

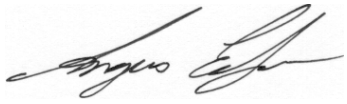
EBM has engaged GHD to assist with its regulatory approval process. Following the completion of a detailed risk assessment and subsequent documentation EBM hopes to make a formal submission to the regulator in early August 2010. As a result of staff changes at GHD a delay has been incurred in the finalisation of documentation. EBM anticipates the Victorian Government to be in a position to grant approval for the BME trial in late August 2010.

Engineering design for the well head and down hole sections are near completion. EBM has engaged the services of the Carnot Group, Melbourne, to undertake design and sourcing requirements. Associated infrastructure should be completed in mid August 2010. Concurrently, a drilling contractor will be mobilised to the well at Oak Park and commence re-opening the bottom sections of the well before inserting a perforated liner and screen to maximise coal surface contact. The liner is required to counter the swelling characteristics of the coal and ensure the technology has optimum contact surface area of the coal.

EBM anticipates that, with relevant regulatory approval, the BME trial equipment will be commissioned in mid to the latter part of August 2010. The first phase of the trial will commence immediately after consent from the Department of Primary Industry, Victoria.

The BME trial will cover three phases to examine specific aspects of the technology. Each phase is planned to run for a minimum of 45 days. Final data collection based on this time frame is planned for January 2011. The Western Research Institute of Wyoming, USA, who is at the forefront of this technology, will then analyse the data and report back to EBM.

For further queries, please contact the Company Secretary, Mr Adrien Wing, on +61 3 8610 8633.



ANGUS EDGAR
DIRECTOR

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

REGAL RESOURCES LIMITED

ABN	Quarter ended (ñcurrent quarterò)
23 106 294 106	30 JUNE 2010

Consolidated statement of cash flows

			Current quarter $Aõ000	Year to date (9 months) $Aõ000
Cash flows related to operating activities				
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for	(a) exploration and evaluation	(17)	(141)
		(b) development	-	-
		(c) production	-	-
		(d) administration	(169)	(729)
		(e) bank guarantee	-	-
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		19	76
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other		-	-
	Net Operating Cash Flows		**(167)**	**(794)**
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a)prospects	-	-
		(b)equity investments	-	-
		(c)other fixed assets	-	-
1.9	Proceeds from sale of:	(a)prospects	-	40
		(b)equity investments	-	-
		(c)other fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other ï Development of UTCL and W10		(746)	(3,427)
	Net investing cash flows		**(746)**	**(3,387)**
1.13	Total operating and investing cash flows (carried forward)		(913)	(4,181)

1.13	Total operating and investing cash flows (brought forward)	(913)	(4,181)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,373	2,373
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (R&D Concession)	322	322
	Net financing cash flows	**2,695**	**2,695**
	Net increase (decrease) in cash held	**1,782**	**(1,486)**
1.20	Cash at beginning of quarter/year to date	709	3,977
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**2,491**	**2,491**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	53
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Wages and Consultancy fees paid to directors and director related entities during the June 2010 quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	176
4.2	Development	308
4.2	Production	-
4.2	Other (provide details)	223
	Total	707

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	2,491	709
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,491	709

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased	-	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Number issued	Number quoted	Par value (cents)	Paid-up value (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	640,080,187	640,080,187		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	56,440,000	56,440,000		$0.045
7.5	**+Convertible debt securities** (*description)*	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
				Exercise price	*Expiry date*
7.7	**Options** *(description and conversion factor)*	318,006,346 183,330,000	- -	$0.06 $0.06	06/11/2011 17/03/2014
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Cancelled during quarter				
7.11	**Debentures** *(totals only)*	Nil	Nil		
7.12	**Unsecured notes** *(totals only)*	Nil	Nil		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: 28 July 2010

Print name: ADRIEN WING

Notes

1 The quarterly report provides a basis for informing the market how the entityôs activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The ñNature of interestò (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 Ac**counting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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