

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

Activities Report for the quarter ended 31 March 2010

29 April 2010

The Directors of Regal Resources Limited (“Regal” or “the Company”) have pleasure in presenting their quarterly report for the period ended 31 March 2010.

Review of Activities

Underground Coal to Liquids (“UCTL”)

Highlights:

- Commissioning of Pilot Plant complete
- Commencement of testing of brown coal
- Commercial agreement for testing of Canadian oil shale
- Commercial agreement for testing of Canadian oil sands
- Initial laboratory testing of W10 complete, and video released
- Uhde Sheddon appointed as Consultant Engineers
- Mike Oppenheimer appointed as advisor to the Board

During the quarter, the Company announced the completion of the commissioning of the Pilot Plant at Oak Park. Of major significance, the Plant produced supercritical water which was sprayed through a nozzle. This spray is considered to be “Water with Supercritical Properties (“WSP”). WSP is of vital importance to the Underground Coal to Liquids (UCTL™) and Surface Carbon to Liquids (“SCTL”) processes, and is the critical unproven component of the UCTL and SCTL technologies. Testing of brown coal with WSP will commence during April within the Surface Reaction Vessel (SRV) at Oak Park. Liquids produced from the SRV tests will be subject to laboratory testing, the purpose of which is to establish whether liquid hydrocarbons have been produced, to analyse the liquid hydrocarbons and to assess their value. The Company will update ASX once results have been received. Uhde Sheddon, a globally renowned oil and gas engineering group, was appointed as consultants to the Company during the quarter, and will assist Regal with this laboratory analysis, along with providing advice regarding the technical development and commercial prospects of Regal’s UCTL technology.



Above: Pilot Plant



Above: Surface Reaction Vessel

During the quarter, the testing program for the SRV at Oak Park was expanded to include oil shales, and Regal entered into an agreement to test kerogen extraction from oil shale 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 this agreement, the Canadian company will provide oil shale test samples to Regal, with the bulk sample expected to arrive in Melbourne during May 2010. Should the test results on the Canadian oil shale samples 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.

Further to testing on Canadian oil shales, the Company entered into another agreement with a major Canadian oil sands company for testing of oil sands at Oak Park. Regal's SCTL technology has a potential application as a bitumen upgrading technology which is designed to convert raw oil sands derived bitumen into enhanced pipelineable liquid hydrocarbon products. The Company is expecting delivery of samples of Canadian oil sands from Canada, with testing expected to commence in Q2 or Q3 of 2010. The Canadian oil sands company is funding testing and laboratory analysis, and any other costs associated with the testing.

Should the test results indicate the SCTL technology is prospective, the Canadian Corp and Regal intend to hold further negotiations regarding the pathway to commercialise the SCTL technology for the Canadian oil sands industry.

The Company also completed the preliminary phase of laboratory testing on the W10 technology, for which Regal holds an exclusive global licence. A video of the laboratory testing was uploaded for viewing on the Company's website.

The results of achieving liquid and gas products have been encouraging with regard to application on Canadian oil sands, and initial results warrant further testing. The Company plans to conduct further testing with Canada's National Centre for Upgrading Technology (NCUT). NCUT is jointly funded by the Canadian Federal Government and the Province of Alberta and is Canada's premier science and technology organisation for upgrading bitumen and heavy oil into synthetic crude oil.

The Company also conducted three initial W10 tests on lignite, which generated vigorous reactions producing liquids and gasses with the release of heat. The liquids were analysed in a gas chromatograph, and subsequent laboratory tests failed to replicate these initial results. An independent analysis report advised the Company that the GC columns used during testing may have been damaged, and that replacement GC columns had been ordered with further testing to occur in due course.

Western Australia Mining Operations

Highlights:

- Binding Joint Venture Term Sheets on mining and exploration leases
- Sale of Yerilla Project

Regal announced that it had entered into two binding Joint Venture Term Sheets on its exploration projects that, collectively, will provide \$90,000 in cash, qualifying expenditure of \$1.5 million (inclusive of a minimum expenditure of \$350,000) and royalties of up to \$2 million.

On its Mt Zephyr, Mt Korong and Mt Goose projects, the Company entered into a binding Joint Venture Term Sheet with Silverlink Nominees Pty Ltd ("Silverlink JV"). On its Eucalyptus and Malcolm exploration projects, it entered into a binding Joint Venture Term Sheet with Ozmay Pty Ltd ("Ozmay JV").

The key terms of the Joint Venture Terms Sheets are:

	Silverlink JV Zephyr, Mt Korong & Mt Goose	Ozmay JV Eucalyptus & Malcolm
Farm-In:	Earn to 90% (39/4361-63, 39/4365-75, 39/4426, 39/1196, 39/4828-33, 39/4610-16, 39/1197, 37/888, 39/1280 & 39/4917)	Earn to 80% 39/4623, 39/969, 39/991, 39,4622, 39/966, 39/4636, 39/914, 39/1064 & 39/4624-35)
Consideration and Farm-In terms:	<ul style="list-style-type: none"> • \$45,000 in cash • Qualifying expenditure of \$650,000 inclusive of \$175,000 minimum expenditure program 	<ul style="list-style-type: none"> • 45,000 in cash • Qualifying expenditure of \$850,000 inclusive of \$175,000 minimum expenditure program
Royalty:	2.5% royalty capped at \$1,350,000	2.5% royalty capped at \$650,000
Manager:	Silverlink Pty Ltd	Ozmay Pty Ltd
Conditions precedent:	<ul style="list-style-type: none"> • Completion of due diligence • Regulatory approval • Execution of formal joint venture 	<ul style="list-style-type: none"> • Completion of due diligence • Regulatory approval • Execution of formal joint venture

The Company also disposed of its Yerilla Project to Wild Acre Metals Ltd for \$30,000 in cash, and royalty on gold recovered of up to \$500,000 (notwithstanding other terms and conditions and any other royalty commitments). On its Menzies Project, Regal continues its joint venture with Black Mountain Gold Pty Ltd, a subsidiary of Intermin Resources Ltd.

Corporate

On 23 April 2010, the Company advised that it successfully completed a placement of 55,560,000 ordinary fully paid shares at 4.5 cents (\$0.045) per share, raising \$2,500,200 before associated costs. The shares have been issued pursuant to Chapter 7 of ASX Listing Rules (15% Rule) for the purposes of developing and commercialising the Company's UCTL, SCTL and W10 technologies and such processes.

The Company has also advised that it is undertaking a Share Purchase Plan (SPP) for up to 23 million fully paid ordinary shares at an issue of 4.5 cents (\$0.045) per share, raising up to \$1,035,000 before associated costs. The SPP has been dispatched to shareholders.

During the quarter, Mr Anthony Short resigned as Chairman of the Company, and the Company is in the process of identifying a new Chairman to replace Mr Short.

The Board appointed Mr Mike Oppenheimer, through his consultancy company Midas Resources Australia Limited, as adviser to the Board. Mr Oppenheimer has over 30 years experience in senior executive management of global resources businesses, and the Regal Board believes his experience will be invaluable in supporting Regal in its development and commercialisation of its technology and resource assets.

For any further inquiries, please contact Mr Angus Edgar on (+61) 3 8610 6033.



Angus Edgar
Managing 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.

Name of entity

REGAL RESOURCES LIMITED

ABN

23 106 294 106

Quarter ended (öcurrent quarterö)

31 MARCH 2010

Consolidated statement of cash flows

	Current quarter \$Aö000	Year to date (9 months) \$Aö000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(35)	(124)
(b) development	-	-
(c) production	-	-
(d) administration	(122)	(560)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	57
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(145)	(627)
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	30	40
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other ó Development of UTCL and W10	(1,066)	(2,681)
Net investing cash flows	(1,036)	(2,641)
1.13 Total operating and investing cash flows (carried forward)	(1,181)	(3,268)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,181)	(3,268)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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 (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,181)	(3,268)
1.20	Cash at beginning of quarter/year to date	1,890	3,977
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	709	709

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 March 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	800
4.2 Development and Production	-
Total	800

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	709	1,890
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	709	1,890

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 <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	639,200,187	639,200,187		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	55,560,000	55,560,000	4.5	4.5
7.5 +Convertible debt securities <i>(description)</i>	Nil	Nil		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options <i>(description and conversion factor)</i>	318,006,346 183,330,000	- -	<i>Exercise price</i> \$0.06 \$0.06	<i>Expiry date</i> 06/11/2011 17/03/2014
7.8 Issued during quarter	10,000,000	-	\$0.06	17/03/2014
7.9 Exercised during quarter				
7.10 Cancelled during quarter				
7.11 Debentures <i>(totals only)</i>	Nil	Nil		
7.12 Unsecured notes <i>(totals only)</i>	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: 29 April 2010

Print name: ADRIEN WING

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's 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 "Nature of interest" (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 **Accounting 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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