

ASX Announcement: ROY

7 July 2009



DRILLING TO START AT GEORGE AND EXPLORATION UPDATE

Royal Resources Limited ("Royal", ASX : ROY) is pleased to provide the following update on its exploration activities.

Key Points:

- **Drilling at the George Uranium Project (Northern Territory) has commenced**
- **Drilling programmes for Ngalia, Arizona Strip, and Colorado Plateau have been finalised and are in the permitting stage**
- **Royal has renegotiated the Arizona Strip Partners JV agreement resulting in the earn-in being lengthened to six years and the annual expenditure commitment halved**
- **Analysis of data collected over the past two years over the Egnar ground is being undertaken to assess targets for drilling in 2009/10**
- **Royal will resume exploration for gold at Watertank, following up on previously obtained intercepts of 3m @ 5.18 g/t and 8m @ 3.24g/t gold**

Northern Territory Uranium

A programme of up to 13 diamond drill holes, totalling around 1,820 metres is planned to target vein-type uranium mineralisation on extensions to the historically productive Adelaide River and George Creek uranium mines. Royal's JV partner, Aldershot Resources Ltd (TSX:ALZ), obtained results of 7.1m @ 0.35% U₃O₈ in 2007 drilling at Adelaide River. Both mines have historic remaining resources of high grade (0.3 to 0.5% U₃O₈) uranium ores, similar to that previously mined. Ground spectrometer surveying will be undertaken over interpreted extensions to this mineralisation. Field work had started at time of writing.

As announced on 17 June 2009 Royal, with its partner Aldershot, was successful in attracting a collaborative drilling grant from the Northern Territory Government on the JV's Ngalia tenement. A drilling programme of up to 24 RC drill holes totalling 1,220 metres and three diamond drill holes totalling 600m has been planned. Drilling will commence once access agreements are finalised.

Arizona Strip Uranium – Energy Fuels JV

Numerous first-order electromagnetic anomalies have been identified in the VTEM survey conducted over the Arizona Strip Partners Joint Venture's (ASPJV) breccia pipe targets. Field checking is now underway, with priority being given to those occurring off our leases.

As flagged in the 1 April 2009 ASX release, Royal has renegotiated the terms of the ASPJV Agreement with partner, Energy Fuels Resources. The partners have agreed to lengthen Royal's earn-in term from three years to six years. In addition, the earn-in amount has been decreased from US\$2 million to US\$1.9 million. The effect of these changes is that Royal's minimum expenditure commitment has been reduced from US\$470,000pa to US\$255,000pa. The excellent targets generated by the recent VTEM survey will see a budget in excess of this minimum being expended during 2009. A programme of testing up to three breccia pipes by drilling has been accepted by the JV.

Egnar - Wray Mesa - La Sal Uranium – Lynx JV

Reviews of the Egnar and Wray Mesa Projects have been completed. The La Sal Project is currently undergoing review. The purpose for the reviews is to assess the drilling and geophysical survey undertaken in 2008 with the view to highlighting areas for follow-up drilling and to identify areas for relinquishment. The review process has uncovered additional historic drilling information in areas not previously drilled by Royal. This data is assisting in driving future drilling targets, in particular in areas where uranium mineralisation was intersected by previous explorers.

Colorado Plateau JV Uranium – Energy Fuels JV

A programme of up to eleven drill holes has been planned for the Hop Creek Prospect. It is expected that this drilling will commence in September following permitting. Drilling will test the north-westerly strike extent of known mineralisation occurring on neighbouring claims.

Assessment of drilling undertaken on the Luke and MO claims has resulted in the JV declining to renew these for another year. Renewal fees were US\$20,000.

Tallahassee Valley Uranium – Geolynx JV

A ground spectrometer survey of the Crampton Claims is currently underway. Drilling results from previous explorers have been obtained. These show uranium mineralised intercepts, which at the time were termed "economic", occurring on the JV's claims. The two data sets will be used to formulate a drilling plan.

Watertank Gold

The Watertank tenements lie 7 km south east of Norseman. They had been the subject of a sales negotiation which failed to crystallise the value that Royal has placed on them. Accordingly, negotiations were terminated and Royal will resume exploration in the area.

A drilling programme of 50 aircore holes, totalling 2,500m, is planned to be undertaken during August-September. Amongst the targets is the follow-up of intercepts of 3 metres @ 5.18 g/t gold and 8 metres @ 3.24g/t gold obtained in previous drilling.

The details contained in this report that pertains to ore and mineralisation is based upon information compiled by Mr Marcus Flis, a full-time employee of the Royal Resources Limited. Mr Flis is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Flis consents to the inclusion in this report of the matters based upon his information in the form and context in which it appears.

For further information contact:

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