

ASX Announcement: ROY

10 February 2010



RAZORBACK PORT ACCESS MOU

Key Points:

- **First step towards infrastructure access**
- **Existing and future planned port facilities**
- **Existing rail infrastructure**

Royal Resources Limited is pleased to announce that it has entered into a Memorandum of Understanding and Confidentiality Deed with Flinders Ports Pty Ltd to investigate port options for the export of magnetite concentrate and ore from the proposed Razorback iron project mine.

Under the MOU, Royal and Flinders Ports have undertaken to use all reasonable endeavours to develop a project proposal that will deliver a bulk cargo logistics solutions utilising the existing port facilities owned and operated by Flinders, or the proposed bulk handling development at Port Bonython. As port operator, Flinders is responsible for all permitting, approvals, and consents that will ultimately govern the export operation.

This MOU represents a first step towards gaining access to existing, open-access infrastructure for the Razorback iron project. Royal's Chairman, Mr Phil Crabb, commented that "our confidence in Razorback delivering on expectations is underlined by progressing quickly on access negotiations for infrastructure. Gaining that access will mean the Razorback project's capital requirements will be considerably lower than many of our peers who may need to build their own rail or port".

Royal is currently negotiating with both below rail and above rail service providers towards an MOU to access rail infrastructure.

About Razorback

The Razorback Iron Ore Project is potentially a very large magnetite deposit that can use existing open-access rail and port infrastructure. The Razorback deposit was investigated by the South Australian Government in the late 1960s. Geological mapping, surface sampling, drilling, adit development, and metallurgical testing at that time identified outcropping magnetite mineralisation over a strike length of 4.5 kilometres and extending a further 10 kilometres to the east. Royal, through its 100% owned subsidiary Razorback Iron Pty Ltd, has secured the lease over the Razorback iron deposit in addition to about 1,450 square kilometres of surrounding leases by way of an Option Deed giving Royal the right to explore for iron ore. This ground contains over 100 strike kilometres of untested magnetite host rock that provides Royal with significant exploration upside.

The Razorback iron deposit has the advantages of being close to existing and available rail and port infrastructure, readily beneficiable to low contaminant magnetite concentrate, likely to be low cost compared to its peers due to very low stripping ratio, easy grinding, and high yield, and is located in a resource-supportive regulatory jurisdiction with reduced Native Title, environmental,

and social risks¹.

Royal is targeting 500 to 1,000 million tonnes of magnetite mineralisation at grades of 28% to 65% Fe² at, or along strike of, the Razorback area. A drilling programme of over 12,000m will be used to bring the government's mineralisation estimates up to JORC compliance. Royal intends to fast track the deposit to feasibility study and production once resource definition work is completed and the proposed operation shown to be viable.

The Razorback iron deposit is the subject of a joint venture agreement between Royal and Sin-Tang Development Pte Ltd that will earn up to a 50% interest in the project by financing the project to a bankable feasibility study³.

About Flinders Ports Pty Ltd

The South Australian Ports Corporation, operator of seven ports in South Australia, was privatised in 2001 following a competitive bid process in which Flinders Ports Pty Ltd was successful. Flinders Ports is a private company owned by Motor Trades Association of Australia Superannuation Fund Pty Limited (35.7%), Galaxy S.A.R.L. (35.7%), Svitze (14.3%), Egis Projects South Australia SPV Pty Limited (7.1%), and Equisuper Pty Limited (7.1%). In addition to the acquisition of the port infrastructure, Flinders Ports also acquired a 99-year land lease and port operating license for the Port of Adelaide and the six regional ports of Port Lincoln, Port Pirie, Port Giles, Klein Point, Thevenard and Wallaroo. The new owners have a major commitment to the on-going development of the existing trades utilising the ports in addition to attracting new business. Flinders Ports is Quality Assured, and is an Environmentally and OH&S accredited organisation.

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.

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¹ ASX announcement - Rights Issue Prospectus 28 Oct 2009.

² ASX announcement by Royal, 16 Sept 2009. The potential quantity and grade of the exploration target is conceptual in nature, there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

³ ASX announcement by Royal 8 Oct 2009