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Royal Resources Limited (ASX code – ROY) recently appointed Marcus Flis as Chief Executive Officer effective 31 March 2008. Can you explain the experience Marcus brings to the position? What are the Board's expectations? Why was Marcus keen to take the position?

**Chairman Phil Crabb**

Marcus holds degrees in both geology and geophysics and is highly qualified in the resources industry, having over 27 years experience covering all aspects of exploration, resource definition and project assessment. Marcus recently held the position of Project Director with Rio Tinto's iron ore business development group.

Previously Marcus held positions as exploration manager with Hamersley Iron and Iron Ore Company of Canada and Manager of Geophysics with Newcrest Mining Ltd. As you can see the Royal board believes that Marcus has the credentials to assess and develop Royal's iron ore projects located in the Pilbara and Mid West region of Western Australia and Royal's uranium projects located in the USA.

Marcus took the position because he liked the prospectivity of Royal's iron ore and uranium projects and believes that the longer term development potential of Royal's projects is very good. In the near term, we will have drilling results from our iron ore projects in the Pilbara region and the Mid West region of Western Australia.

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In the Pilbara, Royal recently announced that drilling is underway at its iron ore exploration projects. What geological theories are you testing? Can you explain why you think each is prospective for iron ore?

**Chairman Phil Crabb**

In Royal's quarterly activities report for March 2008 released to the ASX we reported that reconnaissance drilling got underway in early April 2008 on the Marillana and Perishing project areas. In the later part of April 2008 we commenced the broadly spaced drilling on the Mindy project (previously called Railway) located to the northeast of Newman. We expect the assay data from this drilling work to be available by the end May 2008.

The drilling on Marillana intersected enriched Banded Iron Formation ("BIF") however our present geological interpretation of the data is that we may be further up in the Brockman stratigraphy than we anticipated. We have only tested one small area however we will be continuing to identify additional targets in the coming months.

At the Perishing Project, a drill program consisting of nine widely spaced holes across the project area was completed. As the first drill program and considering the project area has no outcrop and entirely covered with alluvium, the objectives of our drilling here were to establish the depth of overburden over a distance of 1.8 kilometres across the tenement and to map the bedrock geology. Both of these objectives were achieved. The overburden across the drill traverse is approximately 20 – 25 metres with the underlying geology comprising units interpreted as banded iron and banded siliceous formations belonging to the Brockman Formation.

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Also in the Pilbara, Royal's Prairie Downs project area, located to the west of Newman and BHP's Mount Whaleback mine has two iron ore prospects – Iron Ridge in the south and Homestead prospect in the north. In the Iron Ridge area you have Giralia Resources and BHP for neighbours who have both reported significant iron mineralisation. What exploration plans does Royal have on its ground?

**Chairman Phil Crabb**

Royal's Iron Ridge prospect is located between BHP's Western Ridge iron ore project and their Silver Knight prospect and Giralia's Western Creek iron ore project. We have obtained all the necessary approvals for the drilling of this prospect and in early May we cleared 13 drill pads ready for the reverse circulation drilling. We are working closely with Giralia Resources and we will be utilising the same contractors to undertake the access clearing and the reverse circulation drilling. As I have noted the clearing has been completed and, all proceeding well, we will start our drilling towards the end of May once Giralia have completed their work. We are feeling very positive about this drilling and although we do not have a significant land holding we have some neighbours we can talk to. This is an

incentive for us to identify iron ore resources to contribute to the resource base in the area.

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In the Mid West region of Western Australia, Royal is also advancing a high grade hematite discovery at the Shine Prospect within the Warriedar Joint Venture (Gindalbie Metals maintaining 60%, ROY 40%). Gindalbie has referred to the JV in its recent public presentations and media releases. What is your current geological understanding of each prospect?

**Chairman Phil Crabb**

We are very excited about the hematite iron ore prospects within the Warriedar Joint Venture. We had our Joint Venture meeting with Gindalbie Metals on 28 April 2008 and they have put forward a very aggressive drilling program for the next six months both on the Warriedar prospects and their own tenement areas. Gindalbie announced to the ASX on 5 May 2008 it was commencing a substantially expanded regional exploration program in the Mid West region of WA with the objective of locating 80-100 million tonnes of direct shipping ore. Two of their key targets will be the Shine and Gap hematite prospects which previously recorded a hematite intersection up to 60 metres at 62.6% Fe. The next six months will very exciting and all going well we may be in a position to announce a development program early in 2009.

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What is the next planned exploration program at Warriedar? What number and spacing of drill holes is planned? What's the timing?

**Chairman Phil Crabb**

The next program to be undertaken will be to complete infill drilling on a nominal 100 metre line spacing and 50 metre hole spacing and to extend the drilling to the north and south along strike. The drilling will comprise about 32 reverse circulation (RC) drill holes for an estimated 2,500 metres and 13 diamond core tails for about 1,400 metres. The diamond coring is used to obtain material for undertaking metallurgical testing, geotechnical evaluation and geological structural assessment. The time frame for completing all this work is probably around six months. As I said previously, we would hope to have some idea where we will proceed to by early 2009.

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How optimistic are you that a resource could be of a commercial size? Can these smaller iron ore projects operate profitably?

**Chairman Phil Crabb**

It is a little early to speculate on the size of the resources we expect for the Shine – Gap prospect area however given the areas close proximity to all the necessary infrastructure inputs such as power, roads and with existing mining operations only 5-10 kilometres away we do not require the expensive capital inputs that would be necessary if it was located in the central Pilbara region. One other positive is the potential grade of the hematite with previous drill intersections

being in excess of 60% Fe and with very low contaminants. These low tonnage high grade hematite ore bodies can be very profitable – you only need to look at the financials for Mount Gibson’s Tallering Peak mine just down the road to see what can be achieved.

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As at 31 March 2008, Royal had over \$7 million in cash and its current market cap is ~\$30 million. Royal’s share price has fallen from a high of around 60 cents per share last year to 19 cents which is close to a 12-month low before recovering recently to ~30 cents. You’ve been looking to 2008 as an exciting year for Royal. What is your view on the market performance? How will you add value in the longer term?

**Chairman Phil Crabb**

Like most junior exploration companies in this current bear market, our share price in 2008 has been trading lower than the previous year. The market thrives on information and Royal has been able to work towards a position where we will be reporting a lot of activity from both our iron ore projects in Western Australia and our uranium projects in the USA.

In this briefing, I have been solely discussing our iron ore prospects – sometime soon I would like to discuss in more detail our uranium projects and some of the very exciting developments happening.

Royal is not a short-term planner, we have taken the steps to provide the Company with a strong future and throughout the remainder of 2008 and into 2009 you should see some significant value added to the market capitalisation of Royal Resources.

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Thank you Phil.

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For further information on Royal Resources visit [www.royalresources.com.au](http://www.royalresources.com.au) or call Phil Crabb on 08 9321 9680.

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